YANLORD LAND GROUP LIMITED

REFINING THE ART OF LIVING

ANNUAL REPORT

2017

MISSION STATEMENT

MANAGING WITH BENEVOLENCE AND INTEGRITY, ACHIEVING PERPETUITY THROUGH PERSEVERANCE

SANYA HAI TANG BAY – LAND PARCEL 9
三亚海棠湾-9号地块

ABOUT US

Yanlord develops high quality properties that distinguish themselves amidst the localities that they are in. Properties developed by us are characterised by outstanding architectural design and quality construction. With a track record in developments located at prime locations, our brand name, just like the properties we build, is an icon in itself.

JINAN CBD PROJECT – A3 AND B5 LAND PARCELS
济南CBD项目–A3、B5地块

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CORPORATE INFORMATION

RMB **3.216b** PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

47.0% GROSS PROFIT MARGIN

39.9% GROWTH IN FY 2017 CORE PROFIT

RMB **25.638b** REVENUE

6.80¢ PROPOSED DIVIDEND

50.8% NET DEBT TO TOTAL EQUITY

RMB **43,288** PER SQM ASP

ZHUHAI YANLORD MARINA CENTRE 珠海仁恒滨海中心

SHENGZHEN LONGGANG DISTRICT REDEVELOPMENT PROJECT
深圳龙岗区 –
城中村改造项目

+50.2%
INCREASE IN GROSS PROFIT

RMB 23.262b
ACCUMULATED PRE-SALES PENDING RECOGNITION

ENHANCING OUR VALUE

Building on new policies that encourage urban integration and city rejuvenation in the PRC, Yanlord will move forward with a strategic approach to captalise on new opportunities that will ensure sustainable growth and create enhanced value for all stakeholders.

SANYA HAI TANG BAY – LAND PARCEL 9
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CHENGDU YANLORD LANDMARK
成都仁恒置地广场

ENGAGING OUR CUSTOMERS

A good brand is one that strives to understand its target demographic. At Yanlord, we value the trusted partnerships forged with our customers, working with them in mind to develop quality homes in prime locations that will be enjoyed by generations.

+41.3%

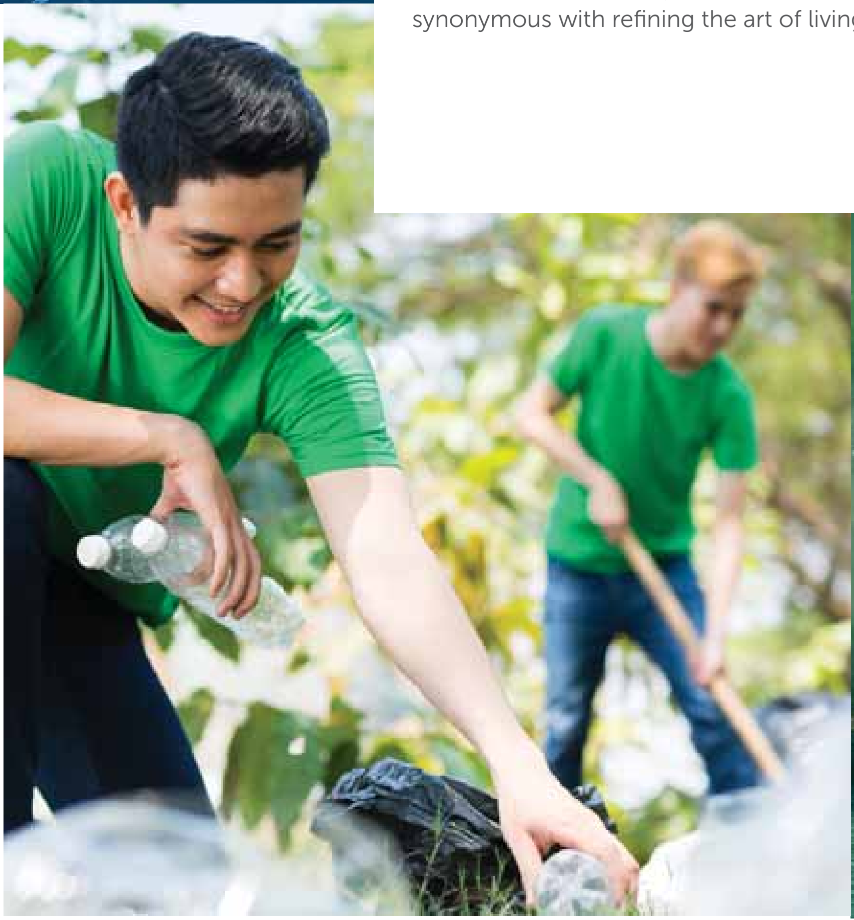
INCREASE IN PROFIT FOR THE YEAR

21.9%

NET PROFIT MARGIN

EMPOWERING OUR FUTURE

By honing in on our expertise and experience, Yanlord will continue to pursue greater excellence for future growth. With each new project and product offering, we make greater strides to strengthen our presence and portfolio – creating a brand that is synonymous with refining the art of living.



NANJING ECO
HI-TECH ISLAND
南京生态科技岛

6.80¢

PROPOSED DIVIDEND

20.0%

DIVIDEND PAYOUT RATIO

ZHUHAI YANLORD
NEW CITY GARDENS
珠海仁恒星园

CHAIRMAN'S STATEMENTS

Dear Shareholders

It is with great pleasure that I present to you Yanlord Land Group Limited's ("Yanlord" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2017 ("FY 2017").

FY 2017 was a notable year outlined by geopolitical change and tensions arising from administration changes in the US and France as well as black swan events such as Brexit. While the PRC economy outperformed other leading global economies in 2017, the ongoing economic reforms and austerity measures on the real estate sector introduced since the fourth quarter of 2016 weighed in on market sentiments.

Against the backdrop of these mixed economic signals, recognised revenue of the Group in FY 2017 was largely stable at RMB25.638 billion. However, buoyed by the delivery of higher margin projects across the Group's core markets, gross profit margin rose significantly to 47.0% in FY 2017 and propelled FY 2017 gross profit up 50.2% to RMB12.044 billion. Yanlord's brand equity as a developer of quality homes in the PRC continues to win the recognition of homebuyers, reflecting this market support, average selling price ("ASP") continued to lead the sector rising to RMB43,288 per square metre ("sqm") in FY 2017.

CAPITALISING ON THE MARKET RECOGNITION OF YANLORD AS A DEVELOPER OF QUALITY HOMES FOR DISCERNING HOME BUYERS, SIZABLE LANDBANK IN PRIME LOCATIONS WITHIN HIGH GROWTH CITIES IN PRC COUPLED WITH OUR HEALTHY FINANCIAL POSITION, WE ARE WELL POISED TO TAP ON THE LONG-TERM GROWTH PROSPECTS OF THE PRC REAL ESTATE SECTOR TO GENERATE GREATER RETURNS FOR OUR STAKEHOLDERS.

MR. ZHONG SHENG JIAN
Chairman and CEO

While the market outlook remains fluid, new policies that encourage urban integration such as the "Xiong An New District", the "Guangdong-Hong Kong-Macau Bay Area" and "Shanghai Outer Ring" coupled with the rising call by municipal and provincial governments for city rejuvenation in the PRC presents interesting opportunities for established developers such as Yanlord and I would like to take this opportunity to share my views on the PRC real estate sector as well as the Group's sustainable growth strategy and future development plans.

Steadfast sales growth

The introduction of austerity measures across 50 key cities in the PRC tapered market sentiments in 2017, however, Yanlord's commitment towards delivering quality developments for our customers and the resulting buyer demand has enabled us to deliver a commendable performance for the year. Underscored by our comparative advantage in delivering high-quality products, profit for the year surged 41.3% to RMB5.620 billion in FY 2017 led by the steady growth in gross profit.

Growing our presence

To further capitalise on the PRC market potential, we actively sought to broaden our market presence in 2017.

Through a series of strategic acquisitions, collaborations and a public land tender in Zhuhai and Shanghai Yangpu District 81 and 83 Redevelopment Project acquired under the Shanghai government's city rejuvenation initiative, we added approximately 1.43 million sqm gross floor area ("GFA") of prime development landbank within our existing bases of Shanghai, Zhuhai, Nanjing and Chengdu as well as branching out into new cities namely Hangzhou, Wuhan and Jinan.

Although near term volatilities may exist in the market, the development potential of our prime landbanks which is situated in key gateway and high growth cities such as Shanghai, Suzhou, Nanjing and Shenzhen coupled with our focus in developing high-quality residential developments within the core regions of the PRC will serve to drive our sustained development going forward.

Property investment portfolio

The Group's property investment portfolio is a strategic initiative to develop a stable recurring revenue stream. In FY 2017 we further augmented our portfolio, leasable area with the successful opening of office tower of Yanlord Riverside Plaza (Phase 2) and retail mall of Yanlord Riverside Plaza (Phase 2) in Tianjin. Ideally situated within prime locations, these assets are highly sought after by tenants, commanding premium rentals and are expected to contribute positively to our future development. Total leasable area in FY 2017 was approximately 430,000 sqm of property investments.

Looking ahead, 2018 is poised to be another exciting year for the Group. Subsequent to the end of the year, we opened the doors to the 404 rooms Crowne Plaza Sanya Haitang Bay Resort in Sanya Hai Tang Bay – Land Parcel 9, Hainan in February 2018. Preliminary feedback during the peak Lunar New Year period have been encouraging with review ratings topping the charts for hotels located in the Hai Tang Bay area. In the second quarter of 2018, we look forward to welcoming the 322 rooms IHG managed InterContinental Hotel in Zhuhai. Situated at the key linkway between Hong Kong, Zhuhai and Macau, this latest development is slated to be a key addition to the Guangdong-Hong Kong-Macau Bay area.

The injection of these new projects and growing maturity of our product offering will undoubtedly contribute to the sustained development of this business segment and serve to complement Yanlord's property development business segment and further strengthen our competitive advantage within the industry.

Outlook

Contracted sales growth in the PRC real estate market continued to be jubilant in 2017. Primary home sales for the year set a new record with total transactions surpassing the RMB13 trillion mark on a total GFA of 1.7 billion sqm. While this sales growth was largely contributed by Tier-3 and Tier-4 cities in 2017, we remain steadfast in our strategic focus within the core regions of high-growth Tier-1 and Tier-2 cities of the PRC, which continues to witness robust demand and potential arising from rapid urbanization and economic expansion.

Capitalising on the market recognition of Yanlord as a developer of quality homes for discerning home buyers, sizable landbank in prime locations within high growth cities in PRC coupled with our healthy financial position, we are well poised to tap on the long-term growth prospects of the PRC real estate sector to generate greater returns for our stakeholders.

In appreciation

On behalf of the Board of Directors, I would like to express our sincere gratitude to our shareholders for their continued trust and support. In appreciation, the Board has proposed the payment of a higher (up 56.3%) first and final dividend of 6.80 Singapore cents (equivalent to 33.31 Renminbi cents) per ordinary share representing a dividend payout ratio increase to 20% of FY 2017 profit attributable to owners of the Company, payout ratio in FY 2016 was 15%. Looking ahead, we will continue to build on our proven business strategies and endeavor to increase shareholder value through better operational and financial performance.

MR. ZHONG SHENG JIAN
Chairman and CEO

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尊敬的各位股东：

2017年全球经济开启重大转折，美国、法国新人新政，英国公决脱欧。中国的经济转型也在进行之中，自2016年四季度开始的楼市调控持续2017全年，同时“雄安新区”、“粤港澳湾区”、“环上海地区”等城市一体化不断推进，连同城市棚户区改造等政策性投资，在调控之下，仍有许多市场热点。在此冷热不均、变化剧烈的市场环境下，仁恒业绩稳定，利润提升。2017年集团营业收入为人民币256.38亿元，与2016年基本持平；由于2017年全年高利润住宅物业项目交付占比较多，因此2017年全年毛利润实现人民币120.44亿元，同比增长50.2%，2017年毛利率达到47.0%，产品每平方米平均售价为人民币43,288元，在行业内首屈一指，仁恒产品的高溢价特点再次得到市场验证。

2018年经济形势仍然扑朔迷离，中国大陆房地产市场的竞争格局也存在许多变数，本人在此向各位股东提报集团2017年诸项业绩同时，也将把董事局策略思考与诸位做一分享。

在调控之下保持业绩平稳

去年中国限购城市接近50个，市场信号混杂。在市场整体焦虑之下，仁恒保持平稳心境，坚持品质路线，合理发展，继续优化产品，以满足消费者的需求。即使在所有布局城市都遭遇限购挑战的情况下，仁恒全年销售依旧保持稳定。在2017年全年毛利润大涨的基础上，集团2017年全年净利润也实现了41.3%的增幅，达到人民币56.20亿元。从长远来看，仁恒所坚持的城市策略与产品路线能够帮助企业实现可持续发展。

坚持核心城市战略，布局版图新增杭州、武汉和济南

在去年，中国大陆土地资源整合速度加快，股权并购机会增加。仁恒除在已布局的核心城市如上海、珠海、南京和成都之外继续以多元手段扩大土储外，还伺机进入了杭州、武汉与济南。其中除珠海地块是以竞标取得外，以及上海杨浦区81、83街坊旧区改造项目成功通过二次征询获得土地使用权外，其他地块均为股权并购所得，在现有的基础上新增了约143万平方米的土地储备。

需要指出的是，仁恒新入城市均为所在省份的省会，是研究机构所公认的最具地产投资价值的地点。连同仁恒长期布局的上海、苏州、南京、深圳等核心城市，仁恒的储备土地具有所处位置好、升值空间大的特点，加上仁恒成熟的开发策略与高效的开发团队，未来数年，仁恒的经营业绩将稳定向上。

投资类物业稳步增加，亮点纷呈

三亚海棠湾仁恒皇冠假日度假酒店总计404套房源已在2018年2月份投入使用，在农历新年假期，该酒店深受游客青睐，评分居于海棠湾众多酒店之首。集团与IHG集团合作的珠海洲际酒店将于2018年第二季度开门迎客，此项目拥有322间客房，将成为粤港澳湾区滨海岸线上的璀璨明珠。

除酒店外，目前集团对外出租的投资性房地产总面积约43万平方米。集团2017年投入使用的投资性房地产其中包括天津海河广场二期之写字楼及天津海河广场二期之商业等。此类物业均位于成熟区域，出租率高，能为集团提供稳定租金收入。

在仁恒目前的商业模式中，酒店及酒店式公寓、购物商场、写字楼、社区商业街是为集团带来稳定租金收益的物业组合，除补充集团物业销售收入外，此类投资物业还是仁恒丰富投资渠道、提升集团品牌、提高业主与客户满意度的重要载体。

未来展望

去年中国地产全年房屋销售再创新高，成交面积接近17亿平方米，房屋销售超过人民币13万亿元，双双创下历史新高。如果仔细考察不同城市成交情况，人们会注意到三四线城市是去年楼市销售的主力，本人认为这是中国大陆去库存政策作用下，三四线城市居住需求在短时间内的集中释放。而从人口流向及经济活力来看，一二线城市未来仍是中国大陆地产的主要市场。仁恒不会因为市场短期内的热点转移改变产品定位，或改变聚焦一二线城市的区域布局。仁恒团队仍将专注于高端市场，致力于满足客户的改善需求，从而实现自身的可持续发展。

致谢

本人及仁恒管理团队感谢股东的关心和支持，为回馈股东，集团董事局建议每股派发新币6.80分（等值人民币33.31分）的首次及末期股息，较2016年增幅达56.3%，2017年派息率为2017年公司股东应占利润的20%，2016年派息率为15%。未来我们将更加勤勉地工作，以更好的业绩回报股东。

钟 声 坚
集团董事局主席兼总裁

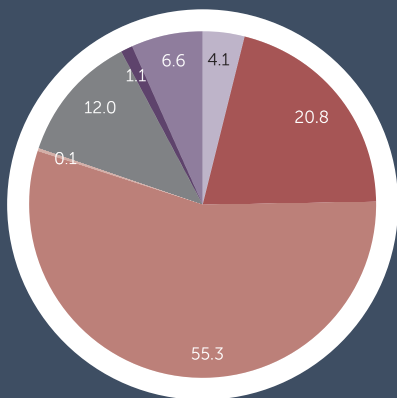
仁恒保持平稳心境，坚持品质路线，合理发展，继续优化产品，以满足消费者的需求。即使在所有布局城市都遭遇限购挑战的情况下，仁恒全年销售依旧保持稳定。

仁恒的储备土地具有所处位置好、升值空间大的特点，加上仁恒成熟的开发策略与高效的开发团队，未来数年，仁恒的经营业绩将稳定向上。

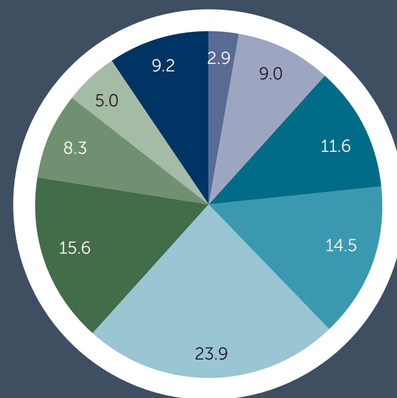
钟声坚
集团董事局主席兼总裁

OPERATIONAL HIGHLIGHTS

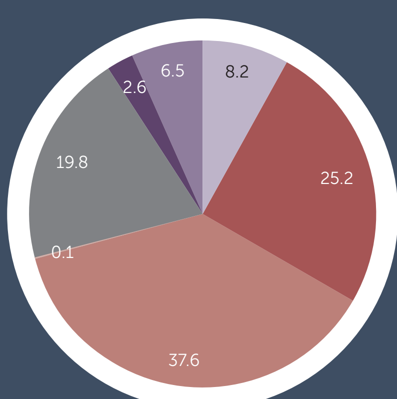
PROPERTY SALES CONTRIBUTION BY CITY IN FY 2017
(%)



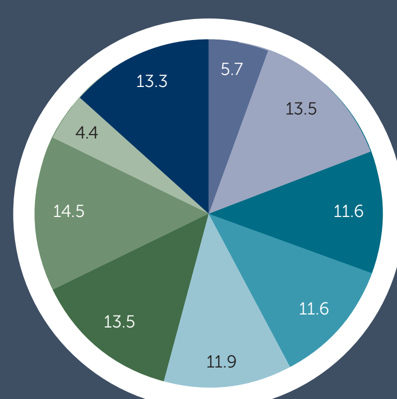
PROPERTY SALES CONTRIBUTION BY PROJECT IN FY 2017
(%)

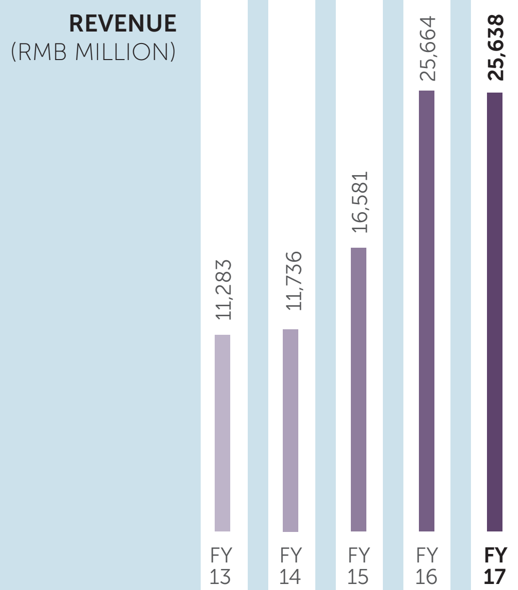


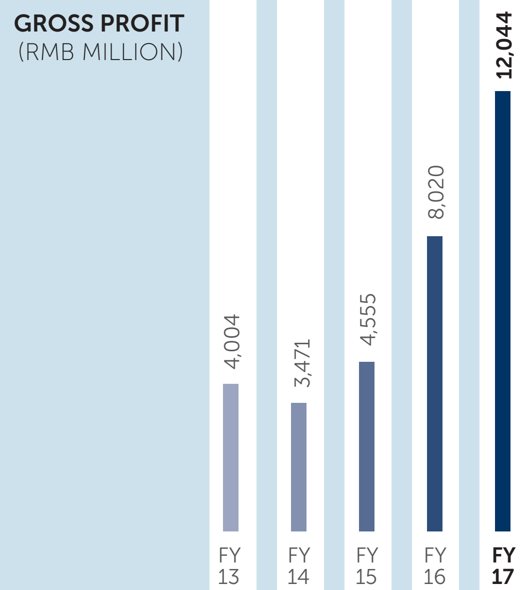
GFA CONTRIBUTION BY CITY IN FY 2017
(%)

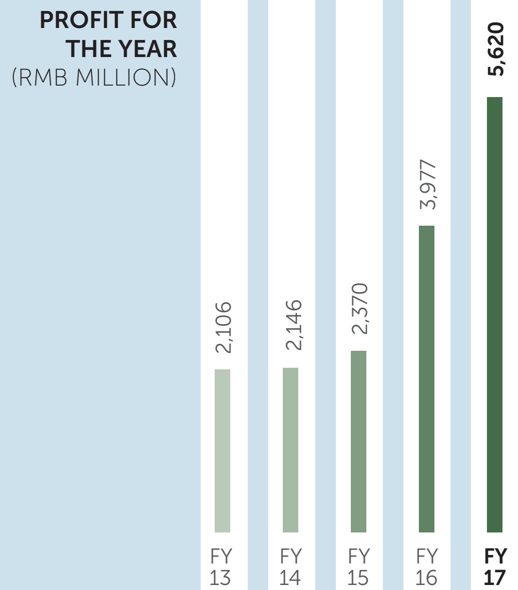


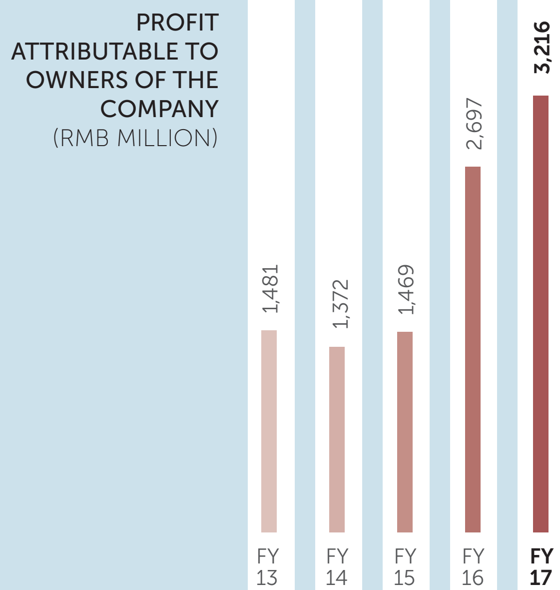
GFA CONTRIBUTION BY PROJECT IN FY 2017
(%)











CREDIT RATIOS (%)					
As at 31 December	2013	2014	2015	2016	**2017**
Net Debt / Equity [1]	38	46	3	20	**51**
Total Debt / Equity [1]	64	68	60	79	**105**
Total Debt / Capitalisation [2]	39	41	38	44	**51**

(1) Equity = Equity attributable to owners of the Company + Non-controlling interests
(2) Capitalisation = Total debt + Equity attributable to owners of the Company + Non-controlling interests

SHANGHAI

YANLORD EASTERN GARDENS

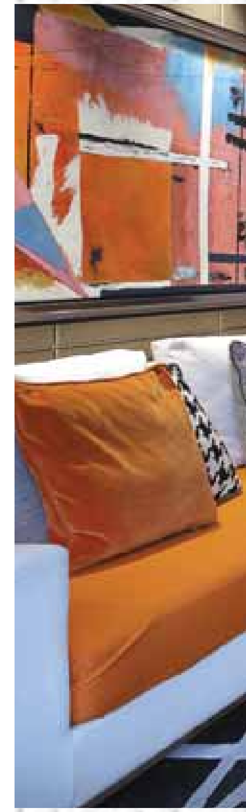
仁恒东邑雅苑

Located within the Tangzhen district of Pudong which has been earmarked for the development of Shanghai's fifth large-scale international residential district. With completed GFA of approximately 181,000 sqm, the project offers unparalleled waterfront views coupled with a 25,000 sqm central feature garden and recreational facilities. To better cater to the different lifestyle needs of our customers, the project offers a comprehensive mix of unit types ranging from 90 to 238 sqm.

YANLORD WESTERN GARDENS

仁恒西郊雅苑

Located in Shanghai's traditional upscale residential area of Xujing, the site resides in an area with one of the highest concentration of international schools in Shanghai and is in close proximity to the Hongqiao Transportation Hub. With key infrastructures such as Hongqiao Airport in operation and the new metro lines to be progressively completed, the site will benefit from the excellent connectivity to become a leading international community in the area. With a site area of approximately 137,000 sqm, the completed 248,000 sqm GFA development have a building density of 30% and approximately 40% greenery coverage. Reflecting the continued buyer interest in the project, Yanlord Western Gardens was named one of Shanghai's Top 20 most saleable projects with a contracted pre-sale of approximately RMB3.290 billion in FY 2017.



YANLORD WESTERN GARDENS
仁恒西郊雅苑

YANLORD EASTERN
仁恒东邑雅苑

SHANGHAI

YANLORD ON THE PARK

仁恒世纪公寓

Ideally situated in close proximity to the Lujiazui Financial District within the key residential area of the Shanghai Century Park International Community District, Yanlord on the Park has a GFA of approximately 148,000 sqm and is bordered by the city's arterial thoroughfares such as Jin Kang Road, Pujian Road and the Yanggao South Road. Encapsulating the best of city centre living with a comprehensive suite of amenities such as the lush natural surroundings of the million square metre Century Park, the Shanghai Oriental Arts Centre and the Shanghai Science and Technology Museum.

The project will capitalise on the continued eastward expansion of the Lujiazui Financial District and offers our discerning residents with homes that will meet both the requirements of their busy business schedules as well as their recreational needs. On 8 November 2015, the Group launched the inaugural batch of apartments at Yanlord On the Park. Building on the strong momentum following its inaugural launch in FY 2015, Yanlord on the Park topped the Shanghai residential project sales chart with a contracted pre-sale of approximately RMB6.180 billion in FY 2017.

CHENGDU

YANLORD LANDMARK

仁恒置地广场

Yanlord Landmark is a key property investment project of Yanlord in Western China. Located at the heart of Chengdu's Central Business District along major arterial roads, the project neighbours top-grade office buildings, 5-star hotels and luxury department stores. It is ideally situated with the Metro Line No. 1 and other business resources in close vicinity. Yanlord Landmark has a GFA of approximately 166,000 sqm above ground and incorporates office areas, serviced apartments and a high-end shopping mall offering retail, conference, residence, and other business and recreation facilities. It is positioned to be a top-end property that represents the highest technical and service standards and caters to the needs of MNCs which plan to locate their regional headquarters in Chengdu. Yanlord Landmark is designed by world renowned architectural consultants ensuring that the project excels in all aspects ranging from engineering and landscaping to business operation. Commencing its operations in 2010, Yanlord Landmark continues to contribute to Chengdu's integration into the global business arena and has successfully attracted numerous international MNCs such as Mitsubishi, Novartis and Royal Dutch Shell. Managed by Fraser Hospitality from Singapore, the serviced apartment tower in Yanlord Landmark began its operations in December 2010 and offers premier levels of luxury and comfort that target the demands of high-end business travellers. Yanlord Landmark is also the epitome of the retail market of Chengdu, showcasing the latest fashion from the flagship stores of many international luxury brands including Louis Vuitton, Prada and Ermenegildo Zegna.

YANLORD
LANDMARK
仁恒置地广场

ZHUHAI

YANLORD MARINA CENTRE

仁恒滨海中心

Yanlord Marina Centre, located along Qinglu Road (South) near the sea coast, is to be developed into a landmark of Zhuhai City. Lying adjacent to Gongbei Customs Checkpoint to Macau, the project will enjoy easy access to the entrance of the planned Hong Kong-Zhuhai-Macau Bridge as well as the transport interchange of the light rail connecting Zhuhai and Guangzhou. Yanlord Marina Centre, upon completion, will be a showcase development of Zhuhai City. The total GFA of Yanlord Marina Centre will be approximately 222,000 sqm. Construction commenced in 2009. The project comprises a 5-star hotel, high-grade residences, offices and retail shops. The Group signed a management contract with the InterContinental Group to manage the hotel in 2010. The sea-view hotel, residential apartments, offices and the shopping arcades are slated to be key highlights of Zhuhai's future skyline.

YANLORD MARINA CENTRE
仁恒滨海中心

NANJING

DAJI LAND PARCELS

大吉别墅项目

Located within Nanjing's picturesque JiangBei district, the development is cradled within the lush surroundings of the Nanjing Daji Botanical Gardens, the scenic Lantau Peak and the Laoshan National Park, the site boasts its very own natural hot spring which can be piped into each of the townhouse and villa units within the development. With a low-density plot ratio of approximately 0.7 times, the 314,204 sqm site is ideal for the development of an exclusive gated estate that will cater to discerning customers seeking serenity among the hustle of city living.

OASIS NEW ISLAND GARDENS

绿洲新岛花园

Ideally situated within the Sino-Singapore Nanjing Eco Hi-tech Island – a flagship economic collaboration program developed under the auspices of the Singapore Jiangsu Cooperation Council – Oasis New Island Gardens rests along the island's idyllic riverfront offering an unobstructed view of the Yangtze River and is in close proximity to the New One North Science Park. Well connected via planned key thoroughfares running through the island as well as the adjacent metro station of the No. 10 metro line, the approximately 390,000 sqm GFA mixed use development will not only feature prime residential offerings but also provide a comprehensive suite of serviced apartments, offices and retail amenities to meet the needs of its residents. Its latest batch launch in November 2017 was met with stellar support from home buyers with approximately 2,000 buyers balloting for 636 units, generating approximately RMB2.590 billion in contracted pre-sales on the day of launch.

OASIS NEW ISLAND GARDENS
绿洲新岛花园

DAJI LAND PARCELS
大吉别墅项目

TIANJIN

HONG QIAO LAND

红咸雅苑

Ideally situated within Tianjin's education district, Tianjin Hong Qiao land is mixed use site that will include high-end residential and commercial units as well as educational facilities. In addition to excellent connectivity via key thoroughfares and the city's metro line route 1, the site also enjoys a comprehensive suite of lifestyle amenities as well as being in close proximity to one of the Tianjin's focal secondary school (天津市重点中学 - 天津三中) to meet the lifestyle needs of residents. Acquired in 2016, the inaugural batch of apartment units was launched in October 2016 to strong support from home buyers with approximately 86% or 445 of the 520 units launched sold on the opening day garnering pre-sales of approximately RMB1.772 billion.

HAI TANG BAY –
LAND PARCEL 9
三亚海棠湾 -
9号地块

SANYA

HAI TANG BAY – LAND PARCEL 9

三亚海棠湾- 9号地块

Acquired in January 2010, Sanya Hai Tang Bay – Land Parcel 9, marked Yanlord's maiden venture into Hainan. Buoyed by the PRC Central Government to develop the Bay into an international tourist destination, the idyllic beachfront development has a GFA of approximately 75,592 sqm and benefits from its proximity to a myriad range of amenities including China's largest duty-free shopping zone. The development comprises 189 luxurious villas for sale and a 404 rooms 5-star luxury Crowne Plaza Sanya Haitang Bay Resort managed by the InterContinental Group which successfully entered operations in February 2018.

SUZHOU

YANLORD LAKEVIEW BAY

仁恒双湖湾

Located within the Suzhou Industrial Park, Yanlord Lakeview Bay is located between the scenic Jinji Lake and Dushu Lake. With enchanting natural surroundings and picturesque water features, the approximately 389,000 sqm GFA Yanlord Lakeview Bay is the first residential project in Suzhou designed in accordance with the 3A standards of the national Housing and Urban & Rural Development Ministry and will be developed into a prime international community that comprises townhouses, fully-fitted apartments and commercial facilities to meet the needs of its residents.

RIVERBAY GARDENS

江湾雅园

Ideally situated within Suzhou's city's administrative district, the Gusu district, the approximately 298,000 sqm Riverbay Gardens enjoys excellent connectivity via key thoroughfares and is adjacent to stations of the city's metro line route 2 and route 5 which is currently under construction. Future residents of the project will also benefit from the comprehensive and mature suite of lifestyle amenities such as shopping malls, hospitals, libraries and schools available to cater to their lifestyle needs. Acquired in 2016, Yanlord successfully launched the inaugural batch of apartment units at Riverbay Gardens to strong customer support.

YANLORD
LAKEVIEW BAY
仁恒双湖湾

RIVERBAY
GARDENS
江湾雅园

OPERATIONS REVIEW

Despite volatilities arising from austerity measures introduced by the PRC Central government, 2017 continued to be a compelling year for the PRC property sector. While developments in Tier-1 and Tier-2 cities differed from those in Tier-3 and Tier-4, we are pleased to report that Yanlord continued to deliver a steadfast performance across markets spurred on by strong buyer demand for its high-quality developments.

In-line with the Group's delivery schedule, whereby a lower GFA was delivered, FY 2017 revenue declined marginally to RMB25.638 billion from RMB25.664 billion in FY 2016. Despite the decline in revenue, gross profit in FY 2017 rose 50.2% to RMB12.044 billion propelled by the delivery of higher-gross-profit margin projects across the Group's core markets which raised gross profit margins to 47.0% in FY 2017 from 31.2% in FY 2016.

In tandem with the above performance, profit for the year jumped 41.3% to RMB5.620 billion in FY 2017, led by the steady growth, profit attributable to owners of the Company in FY 2017 rose 19.2% to RMB3.216 billion. Fully diluted earnings per share in FY 2017 rose 19.9% to 166.12 Renminbi cents.

Excluding the fair value gain on investment properties, fair value gain from put liability to acquire non-controlling interests and the net foreign exchange effect, FY 2017 core profit attributable to owners of the Company leapt 39.9% or RMB914 million to RMB3.206 billion compared with RMB2.292 billion in FY 2016.

Buoyed by the positive market environment in the Group's core markets, accumulated pre-sales pending recognition as at 31 December 2017 stood at RMB23.262 billion with advances received for pre-sales of properties amounting to approximately RMB20.696 billion in FY 2017.

Leveraging on our business strategies and comparative advantages in the delivery of high-quality developments and impeccable after sales and property management services in prime locations within high growth PRC cities, the Yanlord brand continues to gain traction as the epitome for development quality in China. Reflecting this brand premium, we continue to see a steady increase in pre-sale ASP in FY 2017 such as RMB107,000/sqm for Shanghai Yanlord on the Park, and RMB146,000/sqm for Sanya Hai Tang Bay – Land Parcel 9. We also continue to see strong sales

momentum in our core markets such as Shanghai where over RMB10.531 billion of contracted pre-sales was achieved in FY 2017 and in Nanjing where Oasis New Island Gardens (Phase 3) received stellar market support for its latest batch launch in November 2017 with approximately 2,000 buyers with a commitment to an 80% downpayment balloted for 636 units. Units were fully sold out on the day of launch with approximately RMB2.59 billion of pre-sales achieved.

Looking ahead, we remain confident about the financial performance of the Group in FY 2018 driven by continued sales of our developments both in existing cities and newly entered cities with the addition of larger proportion of pre-sales recognition.

Project development

Pace of development was steady as at 31 December 2017 with 19 projects and total GFA under construction decreased 11.0% to 2.87 million sqm as at 31 December 2017 from 3.22 million sqm as at 31 December 2016.

In FY 2017, the Group initiated construction works on approximately 1.23 million sqm GFA across 7 projects namely, Nanjing Eco Hi-tech Island – Land Parcel G73, Nanjing No.2016G01 Land, Suzhou No.2016-WG-63 Land, Tianjin Yanlord Majestive Mansion, Tangshan Nanhu Eco-City – Land Parcel A8, Yanlord Centre in Shenzhen and Shenzhen Longgang District Redevelopment Project.

In FY 2017, 9 projects with a GFA approximately 0.63 million sqm was completed namely, Yanlord Eastern Gardens, Yanlord on the Park and Yanlord Western Gardens in Shanghai, Yanlord Yangtze Riverbay Town – Land Parcel 5 and Oasis New Island Gardens (Phase 2) in Nanjing, Yanlord Lakeview Bay – Land Parcel A1 and Tang Yue Bay Gardens in Suzhou, Yanlord Marina Centre – Section B and Yanlord Marina Peninsula Gardens (Phase 1) in Zhuhai.

Adhering to our corporate philosophy "to develop the land with devotion and building quality

LOOKING AHEAD, WE REMAIN CONFIDENT ABOUT THE FINANCIAL PERFORMANCE OF THE GROUP IN FY 2018 DRIVEN BY CONTINUED SALES OF OUR DEVELOPMENTS BOTH IN EXISTING CITIES AND NEWLY ENTERED CITIES WITH THE ADDITION OF LARGER PROPORTION OF PRE-SALES RECOGNITION.

accommodations with passion", we continue to strive for excellence in our developments which have won the recognition of both our clients and industry peers. To better enhance and rationalize existing work flows, we engaged various third-party quality surveyors and inspectors, and are pleased to report that we have achieved a successful one-time delivery rate of 100% for the units delivered in FY 2017, further adding to our lists of accolades as a market leader in the PRC.

Testament to our efforts, we were awarded 1 new national level and 8 provincial level awards for product and engineering excellence namely, the National level "Luban Award for Engineering Excellence" was awarded to Yanlord Yangtze Riverbay Town (Phase 4) in Nanjing, provincial level awards

for "Structural and Engineering Excellence" were awarded to Yanlord Marina Centre – Section B and Yanlord Marina Peninsula Gardens (Phases 1 and 2) in Zhuhai. In addition, we were also some new provincial level awards namely, "Jin Ling Cup" for Oasis New Island Gardens (Phase 1) in Nanjing, the "Hai He Cup" for Tianjin Jinnan Land (Phase 3), "White Magnolia Cup" for Yanlord Western Gardens and Yanlord Eastern Gardens in Shanghai as well as the "Tian Fu Cup" for Yanlord Riverbay (Phase 2) in Chengdu.

Landbank

While the PRC land market generally exhibited signs of cooling due to the introduction of austerity measures in FY 2017, the top tier cities and core markets which the Group operates in continued to witness heated competition amongst developers for quality landbanks. To better mitigate against rising land prices, we actively sought out alternative opportunities such as collaborations with other reputable developers, acquisition of project companies and municipal government supported redevelopment project opportunities to better complement our prime land bank replenishment. In FY 2017, we acquired eight new projects adding approximately 1.43 million sqm of prime development landbank across our key cities of Shanghai, Nanjing, Zhuhai and Chengdu as well as in three new cities namely Hangzhou, Wuhan and Jinan.

Leveraging on our various strategies, we successfully acquired the Zhuhai No. 2017-21 Land with a GFA of approximately 36,489 sqm through a public land tender. Furthermore, we actively sought out developers with existing prime landbanks as acquisition targets. Hangzhou Intelligent City Projects - Commercial Land Parcels and Medical Land Parcels, Nanjing No. 2017G01 Land, Wuhan Metropolis Project, Jinan CBD Project - A3 and B5 Land Parcels and Chongzhou Project Land Parcels with a total GFA of 1,214,000 sqm were six such opportunities whereby we capitalised on our significant brand equity to enable us to acquire a leading stake in these developments. In addition, Shanghai Yangpu District 81 and 83 Redevelopment Project with a GFA of approximately 182,000 sqm was also acquired during the year under the Shanghai government's city rejuvenation initiative.

FY 2017 saw significant commitment by the Group in land replenishment efforts. Total landbank as at 31 December 2017 was approximately 6.74 million sqm. Diversified across the prime areas within the core high-growth cities of China, we are confident that these holdings will form the bedrock to launch our future development and performance.

Property Management

To better enhance productivity and management efficiency, we continued to reorganise the Group's various property management related entities to be under unified control and ownership across our current eleven cities. Enhancing our product and service offerings were key focuses for our property management business segment in FY 2017. Building

on our extensive experience, Yanlord actively sought to enhance our service offerings by exploring effective processes to conceptualise and execute diversified service patterns to better meet customer needs. In addition, we actively encouraged the sharing of best practices between business units across the country to further augment our competitive advantage within the industry.

We continued to diversify our product offerings from residential developments to also include commercial, retail and hospitality assets. With 65 projects currently under our property management and approximately 5,133 staffs across different business units. In FY 2017, we achieved revenue of over RMB390 million.

Reflecting the achievements of our property management business, our business units were recognized by different authorities. Notable accolades added in FY 2017 including:

- 2017 National Customer Satisfaction Project • Customer Satisfaction Index (CSI) Assessment - Company with Satisfaction Rating
- 2017 Shanghai City User Satisfaction Award - Company Category
- LEED - EB platinum certification
- Jiangsu Province Top 50 Property Management Company Award
- AAA Credit Status Company

Leveraging on resources and experience accumulated over 20 years, excellence in our property management business will continue to be a strategic theme for the Group. Driven by the commitment to provide a comfortable and endearing living environment for our customers, the Group will seek to continually optimize our property management model through the adoption of the latest know-how and quality assurance standards.

Human Resource

We regard our human resource as one of our most valuable intangible assets and a key contributor to the Group's continued success. In-line with our mission statement of "Managing with benevolence and integrity, achieving perpetuity through perseverance", we believe in treating our employees with trust and understanding and respecting them as a partner of the organisation. We aim to create a positive working environment and platform for employees to demonstrate their own individual capabilities, offering opportunities for them to develop their potential and to progress further in their career development, thereby creating a win-win situation for both the Group and our employees.

OPERATIONS REVIEW

To better support the continued development of the Group, we actively engage educational institutes in search of suitable talent who are identified through a systematic approach and are further groomed to take on managerial roles within our growing organisation. In 2017, we continued to actively enhance competencies and synergies within our existing talent pool as well as strategically introducing external talents to further complement our knowledge base. Employees are encouraged to enrol in learning programmes to upgrade their skill sets and perform to their fullest potential. Looking ahead, we will continue to review and refine processes to enhance performance assessments and to encourage closer collaboration within the Group to cement a stronger foundation on which we can propel the Group to its next level of development.

Product development

As a leading real-estate developer specialising in the high quality real estate development and property management services, Yanlord attaches great importance towards developing quality residential and commercial real estates and seeks to strike an optimal balance across all aspects of property development, including project planning, architectural design, interior design and landscape design, to ensure that every aspect is amalgamated to maximise the benefit and comfort level for the customers. Balancing form and functionality, we strive continually to develop projects that embody our commitments towards quality and set new benchmarks for the PRC real estate sector. In 2017, the Group also marked its expansion into several new rapid-growing second-tier cities, including Jinan, Wuhan, Hangzhou and Haikou to scale up the businesses in the industry in which we operate.

Recognising the need for balance between the requirements of our customers and environmental preservation, the Group continues to introduce environmental initiatives and seeks to optimise the usage of lands at our developments. While we may continue to expand our product offerings to include not only residential but commercial, hospitality, cultural and tourism projects, our commitment to quality and the environment remains unchanged. Collaborating closely with our hotel management partner, the InterContinental Hotels Group, we optimised the designs and layouts of the Crowne Plaza Sanya Haitang Bay Resort at Sanya Hai Tang Bay - Land Parcel 9 as well as the InterContinental Hotel at Yanlord Marina Centre in Zhuhai. We also sought to incorporate Singapore design concepts on “Green Space” into our mixed development Yanlord Centre in Shenzhen to further reduce our carbon footprint. We also seek to be a driver of change. Our latest integrated project in Suzhou is located on a site that traces its history back to antiquity; keeping with the internet of things, we sought to seamlessly amalgamate the historical appeal of the site with the accessibility of the internet. Also, answering to the “One Belt, One Road” initiative actively proposed by the PRC government, Ming Dynasty Cultural and Tourism Project in Nanjing is positioned to promote the ancient capital in tourism market, thereby enhancing our corporate branding for the Group. Building on our initiatives, we hope to create greater value for our customers and further enhance our position as a developer of quality in the PRC real estate market.

Fund Raising

Despite a tighter credit environment and volatilities in the PRC property market due to austerity measures promulgated by the PRC government, Yanlord continued to receive strong support from both onshore and offshore banks in FY 2017. To better fuel the Group's sustainable development, we successfully tapped the US dollar bond market in January 2017 with the issue of a US$450 million senior notes due 2022. In addition to the issuance of new notes, the Group has also tapped the syndicated loan market in April 2017 with a US$1.05 billion syndicated facility to fund its general working capital requirements and for future expansion. Through these fund-raising activities, the Group has demonstrated the ability to effectively tap offshore capital markets to reduce its interest cost and further augment its financial flexibility. These latest fund raisings are also reflective of the continued investor confidence in Yanlord.

Investor Relations and Corporate Social Responsibility

Corporate transparency and timely disclosure of information to shareholders is of key importance to Yanlord. We endeavour to maintain the highest standards of corporate governance and proactively seek to engage the investment community to facilitate the understanding of our Group's business strategies and growth potentials. Quarterly financial reports as well as announcements and press releases pertaining to any relevant operational updates on the Group are also promptly released on the SGX website, ensuring that investors receive timely and accurate information.

To further enhance communication with the investment community, the Group participated in 22 global investor conferences across Singapore, Hong Kong, London, Shenzhen, Macau and Kuala Lumpur in FY 2017, sharing insights and investment merits in Yanlord with over 1,000 investors and fund managers. In 2017, Yanlord also participated in a series of corporate day initiatives under the auspices of the SGX. Held in Singapore and Hong Kong, these conferences were initiatives by the SGX to enhance visibility of locally listed companies and to enhance communication with regional investors.

Moving forward, the Group will continue to maintain regular interactions with the investment community and endeavour to deliver high standards in investor relations. Recognising our corporate performance and efforts in investor communication, Yanlord was awarded the Best Performing Stock (Property Development) 2017 & Best in Sector 2017 by "The Edge Singapore Billion Dollar Club".

In addition to achieving high standards of investor relations, good corporate citizenry is another key focus of the company. Building on our commitment to delivering quality homes to our discerning customers, we continue to focus on environmental conservation through developing eco-friendly developments. Our corporate social responsibilities also extend to student and youth engagement programs such as grants and donations to educational institutes as well as enrichment programs for students. Building on our earlier initiatives to enhance understanding of the Chinese business environment amongst Singapore students, the Group had in FY 2017 welcomed an additional 2 batches comprising approximately 100 students and staff from Nanyang Polytechnic to our residential and commercial developments in Chengdu.

借集团专业及优秀团队的成熟运作和精准的市场定位，2017年仁恒物业销售佳绩不断。

纵观仁恒各城市项目，皆有较大发展，成绩喜人，为2018年的发展奠定了较好的基础。

2017年，中国房地产市场经历了由短期调控向长效机制的转变，为建立更稳固的房地产市场。行业总体表现抢眼，但同时存在一、二线降温，三四线回暖的不同区域不同城市的格局。在此市场行情下,仁恒置地集团物业销售全面完成各项指标。每个城市皆有亮点。2017年全年销售由于总交付面积下降而从2016年的人民币256.64亿元稍降至人民币256.38亿元，尽管如此，在集团高利润住宅的持续交付下，毛利取得显著的50.2%增长达人民币120.44亿元，毛利率也从2016年的31.2%增加至2017年的47.0%。同时，集团2017年全年净利润也同比增加41.3%至人民币56.20亿元。在净利润稳健的增长下，2017年公司股东应占利润也同比增长19.2%至人民币32.16亿元。2017年全面摊薄每股盈利随之同比增长19.9%至人民币166.12分。

撇除投资性房地产的公允值变动盈利，收购非控股股东权益履行责任公允值变动盈利和汇兑净损益影响，2017年全年公司股东应占核心利润增至人民币32.06亿元，同比增长39.9%或人民币9.14亿元，而去年同期为人民币22.92亿元。凭借国内购房者对优质住宅项目的需求,截至2017年12月31日，集团累计将陆续入账的预售合同金额已达人民币232.62亿元，同时已收预售房款为人民币206.96亿元。

仁恒品牌在市场上进一步扩大，专业创新的产品设计和人性温馨的小区物业管理水平获得了市场和消费者的双重口碑，仁恒成熟稳重的经营管理能力赢得到市场持续认可，产品溢价能力再次加大。

借集团专业及优秀团队的成熟运作和精准的市场定位，2017年仁恒物业预售销售佳绩不断，上海仁恒世纪公寓预售均价为人民币107,000元/平方米及三亚海棠湾–9号地块均价为人民币146,000元/平方米。上海单个城市销售额超过人民币105.31亿元，名列前茅。南京绿洲新岛花园三期在2017年11月开盘，在近两千名购房者追逐下，636套房源以8成首付的需求下一日售罄，预售金额达人民币25.90亿元。

纵观仁恒各城市项目，皆有较大发展，成绩喜人，为2018年的发展奠定了较好的基础。

项目开发

2017年集团项目开发规模继续扩张，全年在建项目达到19个，建筑面积287万平方米，与2016年322万平方米相比减少11.0%。

2017年有7个项目顺利开工，开工总建筑面积123万平方米，其中有南京生态科技岛 – G73 地块、南京No.2016G01 地块、苏州No.2016-WG-63 地块、天津仁恒海和院、唐山南湖生态城A8地块、深圳仁恒中心及深圳龙岗区 - 城中村改造项目。

竣工项目有9个、面积63万平方米，包括上海仁恒东邑雅苑、仁恒世纪公寓及仁恒西郊雅苑、南京仁恒江湾城 – 5号地块及绿洲新岛花园二期、苏州仁恒双湖湾A1地块及棠悦湾花园、珠海仁恒滨海中心 – B标段以及仁恒滨海半岛花园一期。

集团在2017年继续加大了第三方实测实量检测和工程巡检力度，圆满实现年初各项工作目标。而实际集中交付期间的统计数据显示，全年共交付实现一次顺交率100%，交付期客户满意度处于行业领先地位。

在工程质量创优方面，继2016年成都仁恒滨河湾一期荣获国家优质工程“鲁班奖”之后，南京仁恒江湾城四期今年再获殊荣。另外，其他项目亦喜报频传，包括珠海仁恒滨海中心 – B标段以及仁恒滨海半岛花园一期及二期荣获“广东省优质结构工程”，南京绿洲新岛花园一期获得“金陵杯”，天津景新花园三期荣获“海河杯”，上海仁恒西郊雅苑及仁恒东邑雅苑荣获“白玉兰”，以及成都仁恒滨河湾二期荣获“天府杯”等。

土地储备

2017年，房地产调控政策不断加码，房地产市场整体虽呈降温态势，而集团所在的热点城市土地市场依然火爆。招拍挂市场地价较高，集团主要依托于收并购及旧改市场，在土储方面有较大的收获。

2017年，集团全年共获得了8个新项目，共计土地储备143万平方米。在招拍挂市场上成功获取了珠海No.2017-21地块，计容建筑面积4万平方米；在股权合作及收并购方面，集团成功获取了杭州传化科技城项目–国际医疗园及国际商贸园、南京NO.2017G01地块、武汉大都会项目、济南CBD项目 - A3、B5地块、崇州项目地块共6个项目，共获得土储121万平方米；在旧改方面，上海杨浦区81、83街坊旧区改造项目成功通过二次征询获得土地使用权，目前有序推进中，建筑面积18万平方米。

整体来说，2017年仁恒土地储备大量入仓，截止2017年底仁恒土地储备达674万平方米，不仅上海旧改项目顺利开展，同时进入了杭州、武汉、济南等新城市，进一步完成仁恒的战略部署，为未来发展奠定基础。

物业管理

2017年仁恒物业响应集团“适度规模、多元服务”的发展要求，在各地区物业公司的积极支持与配合下，进一步梳理股权结构，持续优化、调整管理机制。在深耕已有服务的基础上，着力从配合新开发、寻找新机会、创造新价值等多个方面，挖掘服务潜能，拓展多元服务，满足住户多样性和个性化的生活需求，形成“基础服务+专业服务+居家生活服务”多元化服务发展新格局。在做好基础服务管理的同时，各地区公司努力控制成本，通过资源整合、业务拓展和多元服务等有效措施，确保公司的良性运作，较好地完成了年初预定的各项任务指标。

截止2017年末数据统计，仁恒物业签署委托管理项目共65个，项目类型从单一住宅走向多品种，涉及住宅、商业、办公、商业综合体、园区管理、公共建筑等。全年经营收入逾人民币3.9亿元，从业人数达5,133人。

仁恒物业始终以匠心铸就服务品质，确立了高端物业服务品牌的行业地位和社会影响力，赢得了客户的一致认可，并在行业里树立了良好的口碑。2017年各地物业团队获得了以下殊荣：“2017年全国实施用户满意度工程·用户满意度指数CSI测评用户满意企业”，“2017年上海市实施用户满意度工程（企业类）”、“绿色能源与环境设计先锋奖–既有建筑铂金级认证”、“江苏省物业服务行业综合实力50强企业”、“企业信用等级证书（AAA）”、以及一系列省、市级奖项。

2018年是仁恒物业服务升级，多元化发展的关键之年，结合20多年来积累的管理优势和资源，仁恒物业将聚力于“新思维、新服务、新行动”的战略指引和落地规划，通过构建平台，疏通渠道，提升服务品质和管理运营效率，为集团未来的发展积蓄动能，打好扎实的基础。

人力资源

公司坚持并倡导“仁信治业、持之以恒”的企业精神，善待土地，善待员工，通过良好的职业发展平台和优秀的企业文化吸引和保留人才。仁恒一贯将人才战略列为集团发展战略的重要组成部分，集团设有人才培训发展领导小组和人才培训中心，组织实施“优才计划”，地方公司也根据业务发展需要推动二级人才培养计划。同时，通过“新仁生”校园招聘计划对第三梯队人才进行补充，系统性推动公司人才战略。仁恒视员工为企业的合作伙伴，信任、理解并善待员工；视人才为企业发展的核心，注重团队培养，通过一系列措施有效实现对团队的选、用、育、留，多年来一直保持员工队伍的相对稳定和不断成长。2017年，集团一方面加大内部潜力人才的培养力度，完成优才专项培养计划，并辅以外部优秀人才的引进，以确保足够核心人才配合企业的发展所需。

产品研发

仁恒，主张善待每一寸土地，以人为本，以建筑为载体，以空间为核心，优化整合城市、人文、环境、家庭多重生态系统，在产品设计中将健康生活、和谐邻里、与环境共融等理念不断迭代提升。

仁恒建筑研发中心秉持一贯的使命感和行业精品观，讲求“传承经典、突破创新、再造团队”，创造新动力，寻找新办法、进一步适应和匹配中国房地产开发新形势下的新要求。通过重点把控前期土地拓展、树立行业标杆项目、突破局限开拓新业务类型、保驾护航重视产品线建设等技术管控手段，不断持续增强仁恒产品竞争力以提高行业地位。

仁恒将更加重视对前期投资的技术支持，把握行业趋势，精选土地，优化产品提升土地价值。深度了解客群组成，明晰精准定位，确定合理规划。保持仁恒优良传统，从规划、产品、配套围绕客户需求进行产品创新，有效规避投资风险，提高产品溢价。

仁恒在产品线及标准化建设方面持续发力，进一步完善技术管理机制，协同制度升级与团队升级，为仁恒品质保驾护航。以传承优质基因、沉淀技术经验、大胆探索创新、快速高效开发为目标，不断推进产品线提升与迭代，保品质、控成本，聚焦客户需求和企业核心诉求，提升产品市场美誉度，实现从“业务支持”到“价值创造”积极转变，从而达成仁恒客户和企业投资人的双赢。

仁恒在2017年新进入了济南、武汉、杭州、海口等城市，伴随企业快速扩张，设计团队积极研究新城市的政策法规、市场导向、客群需求为深耕区域市场做出充分准备。

仁恒积极新领域探索，通过项目实践，已经在文旅项目、酒店项目、商办项目、产业地产等领域积累了设计经验、掌握了相关行业标杆信息，努力探索各类新型业态在定位、规划、技术、运营等方面的内生联系。三亚海棠湾仁恒皇冠假日度假酒店(位于三亚海棠湾－9号地块)已盛大开业，珠海洲际酒店(位于仁恒滨海中心)以高要求、高标准稳步推进。深圳仁恒中心以生态、低碳、智慧为主导，通过引入先进开发理念和绿色生态概念，探索突破国内产业地产开发瓶颈，与国际知名设计团队合作，提高产品品质，以期增加产品溢价。仁恒在千年古城－苏州仓街商业项目(位于苏州No.2016-WG-46地块)是苏州未来城市名片级、最具有代表性的文化旅游商业项目，项目建成将提升城市知名度，成为古城最具活力和文化气息的项目。在尊重地块历史文化的前提下，基于未来消费升级的趋势，充分结合互联网+人工智能等前沿科技，以“时尚、文化、科技”为主题，打造项目独一无二的气质。商业地产的专项研发将提升仁恒在商业领域的知名度和品牌号召力。苏州仓街别墅项目(位于苏州No.2016-WG-46地块)，仁恒完成了自我突破，在古城区内充分尊重历史传统的前提条件下，以独特的建筑形式承载了现代生活模式，让现代与古典彼此交融，进一步稳固了仁恒在高端住宅方面的行业地位。南京文旅大明项目(位于南京No.2016G84地块)，作为南京江心洲最为重要的旅游文化基地提升南京文化旅游市场地位，响应“一带一路”的倡议，弘扬盛世历史文化，传承大明文化精神，展现大国风貌，充分汲取国内外知名文旅产业项目经验，积极拓展文旅项目资源，以先进的设计理念和产品打造仁恒文化旅游品牌名片，为后续拓展市场打下坚实基础。

仁恒在产品线及标准化建设方面持续发力，进一步完善技术管理机制，协同制度升级与团队升级，为仁恒品质保驾护航。以传承优质基因、沉淀技术经验、大胆探索创新、快速高效开发为目标，不断推进产品线提升与迭代，保品质、控成本，聚焦客户需求和企业核心诉求，提升产品市场美誉度，实现从“业务支持”到“价值创造”积极转变，从而达成仁恒客户和企业投资人的双赢。

企业融资

2017年虽然面临宏观调控为国内房地产行业带来了不稳定因素，但仁恒凭借稳健的经营、优秀的品质和周到的服务，依然得到了国内各中外资银行及金融机构的青睐。在内地房地产信贷额度依旧紧缺的情况下，仁恒仍以合理的资金价格获取了充足的项目开发贷款授信额度并按项目进度成功提款，确保了各地项目的正常推进。

境外融资方面，为促进集团业务持续扩张并满足集团的资本需求，集团于2017年1月发行了美元4.5亿元的五年期优先票据,同时也在2017年4月份通过银团方式融资10.5亿美元，所筹资金主要用于现有及新项目的开发以及集团拓展用途。这些交易进一步拉近了仁恒与国际资本市场的联系更反映了银行及投资者对集团的认可。

投资关系及企业社会责任

集团十分重视企业的透明度及企业管治水平，并通过与投资市场的主动沟通，使各方更了解仁恒的业务发展策略及增长潜力。

集团注重向投资者提供及时、准确的讯息披露，并建立了一系列有系统的沟通管道，向股东、投资者及分析员提供定期及可靠的讯息。季度业绩报告及各项公告和新闻稿均通过新加坡证券交易所的官方网站公告及仁恒置地集团网站及时发布。

2017年，仁恒参与了22项分别在新加坡，香港，伦敦，深圳，澳门及吉隆坡举办的国际投资者论坛会，与近千名的投资者和基金经理会面并介绍仁恒的运作及投资优点。在2017年，仁恒也在新加坡交易所的带领下分别参与了分别在新加坡，香港和马来西亚举办的投资峰会，进一步拉近了仁恒与投资者的交流。

媒体方面，集团也于2017年10月，被媒体《The Edge Singapore》授予房产开发"2017年最佳表现股份奖"以及"2017年业内最佳奖"。

除了建立良好的投资者沟通渠道，仁恒也进行了不少社会公益及可持续发展计划方案，比如我们已开发和正在开发的一些建筑项目，就含有大量的绿色建筑计划，从设计、建设到管理的每个环节，我们都有较为详细的绿色促进规划。同时，公司每年也会从事社会捐赠等福利活动及向教育等事业提供了支持。例如在2017年里我们配合了新加坡南洋理工学院的要求在成都的仁恒置地广场及仁恒滨河湾额外接待了2批近100名赴中国考察的学生与导师。

DEVELOPMENT SCHEDULE SUMMARY

COMPLETED DEVELOPMENT PROPERTIES

Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
Chengdu					
Hengye International Plaza (1) 恒业国际广场 (1)	226 units	51%	26,473	40,655	S
Hengye Star Gardens 恒业星园	814 units	51%	23,036	83,943	R,S
Yanlord Landmark (1) 仁恒置地广场 (1)	425 units (S, H) and 32-storey (O)	100%	19,166	165,755	O,S,H
Yanlord Riverbay (Phase 1) 仁恒滨河湾，一期	526 units	70%	44,428	126,716	R
Yanlord Riverbay (Phase 2) 仁恒滨河湾，二期	1,096 units	70%	37,641	142,328	R
Guiyang					
Xintian Centre 新天商业中心	123 units	67%	18,820	14,376	S
Yanlord Villas 仁恒别墅	92 units	67%	53,541	36,131	R
Nanjing					
Bamboo Gardens 翠竹园	2,770 units	100%	233,000	394,310	R
Oasis New Island Gardens (Phase 1) 绿洲新岛花园，一期	868 units	100%	40,756	102,065	R
Oasis New Island Gardens (Phase 2) 绿洲新岛花园，二期	718 units	100%	37,911	93,995	R
Orchid Mansions (1) 玉兰山庄 (1)	259 units	100%	94,134	69,649	R
Plum Mansions, including Lakeside Mansions 梅花山庄.湖畔之星	1,943 units	100%	113,182	327,667	R
Yanlord G53 Apartments (1) 仁恒G53公寓 (1)	921 units	60%	46,640	97,728	R,S
Yanlord International Apartments, Tower A (1) 仁恒国际公寓，A栋 (1)	210 units	100%	3,337	43,567	H
Yanlord International Apartments, Tower B 仁恒国际公寓，B栋	254 units	100%	25,078	67,683	R
Yanlord Yangtze Riverbay Town (1) 仁恒江湾城 (1)	3,927 units	60%	303,379	716,820	R,S

DEVELOPMENT SCHEDULE SUMMARY

COMPLETED DEVELOPMENT PROPERTIES

Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
Shanghai					
Bayside Gardens 御澜湾苑	764 units	51%	117,459	116,408	R,S
Yanlord Apartments 仁恒公寓	95 units	67%	4,146	13,579	R
Yanlord Eastern Gardens 仁恒东邑雅苑	1,194 units	100%	128,532	180,583	R
Yanlord Gardens 仁恒滨江园	1,943 units	67%	138,802	415,360	R
Yanlord on the Park 仁恒世纪公寓	717 units	50%	55,776	148,122	R
Yanlord Plaza 仁恒广场	411 units (R) and 4-storey (O)	67%	10,845	53,049	R,O
Yanlord Riverside City [(1)] 仁恒河滨城 [(1)]	4,216 units (R) and 9-storey (S)	67%	306,406	741,417	R,S
Yanlord Riverside Gardens 仁恒河滨花园	1,663 units	100%	128,895	319,756	R
Yanlord Sunland Gardens [(1)] 仁恒森兰雅苑 [(1)]	1,627 units	60%	202,851	336,038	R,S,H
Yanlord Town 仁恒家园	428 units	50%	94,174	75,573	R
Yanlord Townhouse 仁恒怡庭	269 units	100%	54,208	65,572	R
Yanlord Western Gardens 仁恒西郊雅苑	1,470 units	60%	136,937	247,503	R
Yunjie Riverside Gardens 运杰河滨花园	1,712 units	51%	210,566	253,048	R,S
Shenzhen					
Yanlord Rosemite [(1)] 仁恒峦山美地花园 [(1)]	1,540 units	100%	46,777	148,424	R,S
Suzhou					
Suzhou Wuzhong Area C1 Land - Villas 苏州吴中区C1地块 - 别墅	22 units	100%	57,857	22,614	R
Tang Yue Bay Gardens 棠悦湾花园	1,366 units	100%	77,820	173,395	R
Yanlord Lakeview Bay [(1)] 仁恒双湖湾 [(1)]	1,699 units	60%	368,104	388,671	R,S
Yanlord Peninsula (Apartment) 星屿仁恒	704 units	100%	78,310	100,342	R
Yanlord Peninsula (Townhouse) 星岛仁恒	350 units	100%	168,000	91,963	R

Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
Tangshan					
Tangshan Nanhu Eco-City - Land Parcel A9 [2] 唐山南湖生态城，A9 地块 [2]	759 units	50%	42,626	119,116	R,S
Tangshan Nanhu Eco-City - Land Parcel A19 [2] 唐山南湖生态城，A19 地块 [2]	116 units	50%	46,199	38,611	R
Tianjin					
Tianjin Jinnan Land (Phase 1) [1] 景新花园，一期 [1]	762 units	60%	50,155	94,339	R,S
Tianjin Jinnan Land (Phase 2) 景新花园，二期	638 units	60%	47,793	75,564	R
Yanlord Riverside Gardens 仁恒河滨花园	2,184 units	80%	130,789	326,006	R
Yanlord Riverside Plaza (Phase 1) [1] 仁恒海河广场，一期 [1]	971 units (R) and 7-storey (S)	100%	43,605	224,426	R,S
Yanlord Riverside Plaza (Phase 2) [1] 仁恒海河广场，二期 [1]	544 units (R), 29-storey office and retail mall	100%	51,672	163,971	R,O,S
Zhuhai					
Yanlord Marina Centre - Section B 仁恒滨海中心，B标段	210 units	95%	15,615	66,643	R
Yanlord Marina Peninsula Gardens (Phase 1) [1] 仁恒滨海半岛花园，一期 [1]	1,004 units	57%	62,285	154,259	R,S
Yanlord New City Gardens [1] 仁恒星园 [1]	2,697 units	90%	229,931	413,012	R,S
Total			4,227,657	8,090,752	

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

[1] Consists of properties held for investment with unexpired terms of lease between 26-64 years as at 31 December 2017
[2] Being held under associate or joint venture

DEVELOPMENT SCHEDULE SUMMARY

PROPERTIES UNDER DEVELOPMENT

Project	Description	Interest Attributable	Actual / Estimated Completion Date	Site Area (sqm)	GFA (sqm)	Percentage of Completion	Type
Chengdu							
Yanlord Riverbay (Phase 3) 仁恒滨河湾，三期	656 units	70%	2nd Quarter 2019	36,974	125,307	33%	R
Nanjing							
Nanjing Eco Hi-tech Island - Land Parcel G73 南京生态科技岛 - G73 地块	Commercial complex	100%	2nd Quarter 2020	45,067	97,034	14%	O,S,H
Nanjing No. 2016G01 Land [1] 南京 No. 2016G01 地块 [1]	859 units (R) coupling with commercial complex	33%	4th Quarter 2019	61,465	154,254	13%	R,O,S
Oasis New Island Gardens (Phase 3) 绿洲新岛花园，三期	662 units	100%	May 2018	30,800	75,518	88%	R
Nantong							
Four Seasons Gardens (Phase 1) 四季花园，一期	528 units	60%	May 2018	27,750	64,650	73%	R
Four Seasons Gardens (Phase 2) 四季花园，二期	560 units	60%	Nov 2018	34,401	72,024	50%	R,S
Sanya							
Sanya Hai Tang Bay - Land Parcel 9 [2] 三亚海棠湾 - 9 号地块 [2]	599 units	100%	Jun 2018	193,772	75,592	90%	R,H
Shenzhen							
Shenzhen Longgang District Redevelopment Project (Phase 1) 深圳龙岗区 - 城中村改造项目，一期	1,353 units (R) coupling with retail shops	95%	3rd Quarter 2019	42,937	128,810	0%	R,S
Yanlord Centre 仁恒中心	Commercial complex	100%	3rd Quarter 2021	66,743	332,880	0%	O,S,H

Project	Description	Interest Attributable	Actual / Estimated Completion Date	Site Area (sqm)	GFA (sqm)	Percentage of Completion	Type
Suzhou							
Riverbay Gardens 江湾雅园	1,937 units	30%	Dec 2018	123,313	297,972	40%	R,S
Suzhou No. 2016-WG-46 Land Parcels [3] 苏州 No. 2016-WG-46 地块 [3]	94 units (R) coupling with retail shops	100%	3rd Quarter 2020	84,199	74,500	0%	R,S
Suzhou No. 2016-WG-63 Land 苏州 No. 2016-WG-63 地块	297 units	100%	2nd Quarter 2019	24,938	52,514	4%	R
Tangshan							
Tangshan Nanhu Eco-City - Land Parcel A8 [1] 唐山南湖生态城，A8 地块 [1]	1,220 units	50%	4th Quarter 2020	64,656	161,640	4%	R
Tianjin							
Tianjin Hong Qiao Land (Phase 1) [1] 红咸雅苑，一期 [1]	1,500 units (R) coupling with retail shops	25%	1st Quarter 2020	73,207	203,878	15%	R,S
Tianjin Jinnan Land (Phase 3) 景新花园，三期	2,012 units	60%	Apr 2018	87,864	206,544	96%	R
Yanlord Majestive Mansion [1] 仁恒海和院 [1]	1,644 units	60%	3rd Quarter 2020	193,514	258,305	1%	R,S
Zhuhai							
Yanlord Marina Centre - Section A [2] [3] 仁恒滨海中心 - A标段 [2] [3]	462 units	95%	Jul 2018	10,482	86,446	71%	O,S,H
Yanlord Marina Centre - Section B [3] 仁恒滨海中心 - B标段 [3]	207 units	95%	Jun 2018	16,106	68,740	98%	R,S
Yanlord Marina Peninsula Gardens (Phase 2) 仁恒滨海半岛花园，二期	1,043 units	57%	May 2018	62,674	162,108	90%	R,S
Yanlord Marina Peninsula Gardens (Phase 3) 仁恒滨海半岛花园，三期	1,471 units	57%	2nd Quarter 2020	102,725	169,092	21%	R
Total				1,383,587	2,867,808		

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

[1] Being held under associate or joint venture
[2] Consists of GFA of 100,342 sqm under construction-in-progress in property, plant and equipment
[3] Consists of properties held for investment with unexpired terms of lease between 28-40 years as at 31 December 2017

DEVELOPMENT SCHEDULE SUMMARY

PROPERTIES HELD FOR FUTURE DEVELOPMENT

Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
Chengdu					
Chongzhou Project Land Parcels 崇州项目地块	Villas	80%	150,067	85,748	R
Hangzhou					
Hangzhou Intelligent City Project - Commercial Land Parcels [1] 杭州传化科技城项目 - 国际商贸园 [1]	Residential and commercial complex	30%	160,019	294,830	R,S,H
Hangzhou Intelligent City Project - Medical Land Parcels [1] 杭州传化科技城项目 - 国际医疗园 [1]	Residential and commercial complex	30%	193,903	450,773	R,O,H
Jinan					
Jinan CBD Project - A3 and B5 Land Parcels [1] 济南CBD 项目 - A3、B5 地块 [1]	738 units (R) and commercial complex coupling with retail shops	35%	56,335	156,771	R,O,S,H
Nanjing					
Nanjing Daji Land Parcels 南京大吉别墅项目	1,664 units	51%	466,669	314,204	R
Nanjing No. 2016G84 Land [1] 南京 No. 2016G84 地块 [1]	Residential and commercial complex	51%	426,439	534,160	R,H
Nanjing No. 2017G01 Land [1] 南京 No. 2017G01 地块 [1]	612 units	50%	52,785	84,052	R
Shanghai					
Shanghai San Jia Gang Land Plot 仁恒滨海度假村	Villas	67%	71,662	35,831	R
Shanghai Yangpu District 81 and 83 Redevelopment Project 上海杨浦区81、83街坊旧区改造项目	1,296 units (R) coupling with retail shops	100%	70,340	182,287	R,S
Shenzhen					
Shenzhen Longgang District Economic Residential Housing 深圳龙岗区 - 经济适用房	Under planning	95%	48,021	144,064	R
Shenzhen Longgang District Redevelopment Project (Phase 2, 3 & 4) 深圳龙岗区 - 城中村改造项目，二、三、四期	3,230 units (R) coupling with retail shops	95%	87,063	261,190	R,S
Yanlord Landmark 仁恒置地广场	Residential and commercial complex	100%	2,513	37,688	R,O,S

Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
Tangshan					
Tangshan Nanhu Eco-City Land Parcels [1] 唐山南湖生态城地块 [1]	Office tower coupling with retail shops	50%	32,964	36,817	O,S
Tianjin					
Tianjin Hong Qiao Land (Phase 2) [1] 红咸雅苑，二期 [1]	Office tower coupling with retail shops	25%	33,713	56,760	O,S
Tianjin No. 2013-090 Land Parcels [1] 天津 No. 2013-090 地块 [1]	1,072 units (R) coupling with commercial complex	50%	135,293	286,048	R,S,H
Wuhan					
Wuhan Metropolis Project [1] 武汉大都会项目 [1]	895 units	1%	35,296	141,379	R
Zhuhai					
Zhuhai No. 2017-21 Land 珠海 No. 2017-21 地块	445 units	57%	13,938	36,489	R
Total			2,037,020	3,139,091	

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

[1] Being held under associate or joint venture

BOARD OF DIRECTORS

MR. ZHONG SHENG JIAN | MR. ZHONG SILIANG

MS. CHAN YIU LING | MR. ZHONG MING | MR. RONALD SEAH LIM SIANG

MS. NG SHIN EIN | LIEUTENANT-GENERAL (RET) NG JUI PING | MR. HEE THENG FONG

MR. ZHONG SHENG JIAN
Chairman and CEO
Member of Nominating Committee
Member of Risk Management Committee

Mr. Zhong Sheng Jian is the founder, Chairman and CEO of Yanlord Land Group Limited and was first appointed to our Board of Directors on February 13, 2006. His last re-election as our Director was on April 27, 2017. He is the father of Mr. Zhong Ming and uncle of Mr. Zhong Siliang, our Executive Directors. He is responsible for the overall management and strategy development of Yanlord Land Group Limited. Since the 1980s, Mr. Zhong has founded and established a number of businesses in trading, manufacturing and real estate spanning China, Singapore and Hong Kong. He started our property development business in the early 1990s through the setting up of our offices in Shanghai and Nanjing, which are now part of the SGX Mainboard listed Yanlord Land Group Limited. Mr. Zhong is also the Executive Chairman and Non-Independent and Executive Director of United Engineers Limited.

Due to his investments in and contribution to various parts of China, Mr. Zhong has been awarded with Honorary Citizenships in Nanjing, Zhuhai, Shanwei and Suzhou in China. In 2005, he was also awarded with the White Magnolia Award in Shanghai for his contributions to the Municipal City of Shanghai.

Mr. Zhong is a council member of several Singapore-China investment and trade committees, including Singapore-Sichuan Trade and Investment Committee, Singapore-Tianjin Economic & Trade Council, Singapore-Jiangsu Cooperation Council, Singapore-Guangdong Collaboration Council and China-Singapore Business Council. He is also the Honorary President of Teochew Poit Ip Huay Kuan, Council Member of the Singapore Chinese Chamber of Commerce & Industry, Director of Business China, Vice-President of the Singapore Federation of Chinese Clan Associations, Director of Sun Yat Sen Nanyang Memorial Hall Company Limited, Member of the Board of Trustees of the Chinese Development Assistance Council and Vice Chairman of the Singapore Chinese Cultural Centre.

In 2010, Mr. Zhong was named and awarded the Singapore Businessman of the Year 2009. In 2015, Mr. Zhong was awarded with the Public Service Medal (Pingat Bakti Masyarakat), a Singapore National Day Award.

MR. ZHONG SILIANG
Executive Director

Mr. Zhong Siliang is our Executive Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 28, 2016. He is the nephew of Mr. Zhong Sheng Jian, our Chairman and CEO and cousin of Mr. Zhong Ming, our Executive Director. Since October 2005, he has held the position of Assistant General Manager of our Investments Department and in this capacity, Mr. Zhong Siliang assists in the evaluation of new business developments and conducts feasibility studies on potential property transactions for investments.

Mr. Zhong Siliang is responsible for establishing relations with architectural firms, real estate consultants and the district and national government officials, for the execution of our investments in the PRC. He also works closely with our Chairman and CEO, Mr. Zhong Sheng Jian, and assists in other group decisions. In addition, Mr. Zhong Siliang assists in the overall management of Yanlord Land (Shenzhen) Co., Ltd. and is also the Deputy Director of our operations in the Group since 2007.

Mr. Zhong Siliang holds a Master's Degree from the Washington University-Fudan University EMBA programme and a Bachelor's Degree in Business Administration from the University of Portsmouth, England.

BOARD OF DIRECTORS

MS. CHAN YIU LING
Executive Director

Ms. Chan Yiu Ling is our Executive Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 28, 2016. Since 1999, she has been assisting our Chairman and CEO, Mr. Zhong Sheng Jian, and is responsible for various administrative functions of our Group. Prior to that, she was the Sales Manager of Yanlord Industrial Ltd., where she managed its sales and marketing department for close to 10 years. Ms. Chan has approximately eight years of administration experience working as an Administration Executive in various companies before joining us. Ms. Chan graduated with a diploma from the Chinese YMCA Secretarial Course in 1982.

MR. ZHONG MING
Executive Director

Mr. Zhong Ming is our Executive Director and was first appointed on October 1, 2016. His last re-election as our Director was on April 27, 2017. He is the son of Mr. Zhong Sheng Jian, our Chairman and CEO and cousin of Mr. Zhong Siliang, our Executive Director. Since 2013, Mr. Zhong Ming has been holding various positions from property management to property development in various subsidiaries of Yanlord Land Group Limited. Mr. Zhong Ming is also an Independent Director of SIIC Environment Holdings Ltd.

Mr. Zhong Ming is currently holding positions as director of few subsidiaries of our Group in Shanghai and Tianjin. In this capacity, he oversees the execution of our Group's strategies at the city level, helping to obtain prime sites in Shanghai and Tianjin, driving forward our Group's development and expansion strategies in China.

Mr. Zhong Ming graduated from the University of Melbourne with a Bachelor's Degree in Accounting and Finance.

MR. RONALD SEAH LIM SIANG
Lead Independent Director
Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee

Mr. Ronald Seah Lim Siang is our Lead Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 27, 2017. Over a 26-year period between 1980 and 2005, he held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as Vice-President, Direct Investments of AIG Global Investment Corporation (Singapore) Ltd. Between 2001 and 2005, Mr. Seah was also Chairman of the Board of Directors of AIG Global Investment Corporation (Singapore) Ltd.

From 1978 to 1980, Mr. Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr. Seah served on the panel of experts of the Commercial Affairs Department of Singapore. He served on the Investment Committee of the National Council of Social Service between 1996 and 2014.

Mr. Seah serves on the boards of other listed companies namely, Global Investments Limited, Telechoice International Limited and PGG Wrightson Limited (listed on the New Zealand Stock Exchange). Mr. Seah is also an Independent Director on the boards of M&C REIT Management Limited (as manager of CDL Hospitality Real Estate Investment Trust) and M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust). He is currently Chairman of Nucleus Connect Pte. Ltd. and sole proprietor of Softcapital SG, a business consultancy.

Mr. Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Upper Honours in Economics) from the then University of Singapore in 1975.

MS. NG SHIN EIN
Independent Director
Chairperson of Risk Management Committee
Member of Audit Committee
Member of Remuneration Committee

Ms. Ng Shin Ein is our Independent Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 28, 2015. Ms. Ng brings with her a rare blend of legal, business, financial and diplomatic experience.

Ms. Ng was admitted as an advocate and solicitor of the Singapore Supreme Court and practiced as a corporate lawyer in Messrs Lee & Lee. Whilst at Messrs Lee & Lee, she advised clients on joint ventures, mergers and acquisitions and fundraising exercises.

Subsequent to legal practice, Ms. Ng spent a number of years at the Singapore Exchange, where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee, where she contributed industry perspectives and also acted as a conduit between the marketplace and regulators.

Ms. Ng is presently the founding partner of Gryphus Capital, a pan-Asian private equity investment firm. She invests actively and leads a network of family offices and other private equity firms to provide strategic capital for companies. For these investments, she engages with portfolio companies, focusing on strategy and business development. She also advises ETPL, the commercialization arm of Singapore's Agency for Science, Technology and Research (A*STAR).

Ms. Ng sits on the boards of other companies listed on the mainboard of the Singapore Exchange namely, First Resources Limited and UPP Holdings Limited and was appointed the youngest ever director of Fairprice, Singapore's largest supermarket operator.

Apart from corporate boards, Ms. Ng serves on the boards of the Singapore International Foundation and the Middle East Institute, National University of Singapore. She is also Singapore's Non-Resident Ambassador to the Republic of Hungary.

Ms. Ng holds a Degree in Law (LLB Honours) from Queen Mary and Westfield College, University of London. She also holds a graduate diploma in Singapore law from the National University of Singapore.

LIEUTENANT-GENERAL (RET) NG JUI PING
Independent Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee

Lieutenant-General (Ret) Ng is our Independent Director and was first appointed on September 20, 2006. His last re-election as our Director was on April 28, 2016.

General Ng has a distinguished 30-year military career culminating in the position of Chief of Defence Force, Singapore, from which he retired in 1995. He was also Chief of Army and Chief of Staff (General Staff). He has been conferred the Meritorious Service Medal (Military) and the Public Administration Medal (Gold) (Military), among other national honours, for distinguished service to Singapore. He has also been conferred prestigious awards by regional countries for his contributions.

Following his retirement from the Singapore Armed Forces, General Ng took up the entrepreneurial route. He listed the company he co-founded on the SGX-ST in January 2000 and exited via a share sale in late 2004. He is currently Chairman of August Asia Consulting Pte. Ltd., a wholly-owned business advisory. He is an Independent Director on the SGX-ST listed boards of Pacific Andes Resources Development Limited and Singapore Shipping Corporation Limited. He is Consultant to Sumitomo Mitsui Banking Corporation, Singapore Branch which headquarters the South-East Asia and Australia regions.

General Ng held various positions including Deputy Chairman of the Central Provident Fund Board, Singapore; Director of PSA International Pte Ltd and Chairman of its China and North East Asia Grouping; Director of NTUC Income; Chairman of Singapore Technologies Automotive Ltd and Chartered Industries of Singapore Pte Ltd; Corporate Advisor to Singapore Technologies Pte. Ltd. and Singapore Technologies Engineering Ltd; Consultant to AGT International, a global public safety and security corporation; Advisor to Aldar, the largest Abu Dhabi property developer and Advisor to Chesterton International Property Consultants Pte. Ltd.

General Ng is a Master of Arts (History) from Duke University, USA and a graduate of the Advanced Management Programme, Harvard Business School, USA.

MR. HEE THENG FONG
Independent Director
Chairman of Nominating Committee
Member of Risk Management Committee

Mr. Hee Theng Fong is our Independent Director and was first appointed on October 11, 2017.

Mr. Hee is a senior lawyer in Singapore with over 30 years of experience. Mr. Hee has handled more than one hundred cases in civil litigation and arbitration as lead counsel or arbitrator in many countries including Singapore, PRC and Hong Kong. Many of the cases handled by him have been reported in Singapore Law Report.

Mr. Hee also serves as a director of several listed companies, including First Resources Limited, Straco Corporation Limited, China Jinjiang Environment Holding Company Limited, Tye Soon Limited, YHI International Limited and APAC Realty Limited. Mr. Hee was also a Non-Executive Director of Datapulse Technology Limited and an Independent Director of Delong Holdings Limited. He has been regularly invited to speak on directors' duties and corporate governance.

Mr. Hee also serves as a director of Chinese Development Assistance Council (CDAC) and Singapore Chinese Culture Centre. He is also the Deputy Chairman of Singapore Medishield Life Council and Chairman of Citizenship Committee of Inquiry (ICA).

Mr. Hee graduated in 1979 from the Law Faculty of the University of Singapore. He is also a holder of a Diploma in PRC Law.

MR. ZHANG HAO NING

Executive Vice-President

Mr. Zhang Hao Ning has been our Executive Vice-President since May 2012 and is responsible for project development. Prior to that, he was the General Manager of our Nanjing operations since 2005 and was responsible for the overall management of our business in Nanjing. He was our Assistant General Manager of our Nanjing operations between 2000 and 2005, and the Manager of our Nanjing operations department from 1994 to 2000. Prior to joining us, he worked as a Cost Engineer in the Architecture Design Institute, Nanjing and Hong Kong Changjiang Pte. Ltd., Nanjing between 1990 and 1994, and was responsible for the management of their engineering budgets and was also involved in the design work of the Architecture Design Institute. Mr. Zhang obtained a Master's Degree in Economics from the Nanjing University in the PRC in 1995. He is also a registered Cost Engineer with the Jiangsu Department of Personnel since 1998.

MR. CHEN PING

Executive Vice-President

Mr. Chen Ping has been our Executive Vice-President since January 2013 and is responsible for the Group's property management business. Prior to this, Mr. Chen was the General Manager of Shanghai Yanlord Property Management Co., Ltd. between 2004 and January 2013. Between 1994 and 2004, Mr. Chen was a Sales Manager of Shanghai Yanlord Property Co., Ltd. Before joining the Group, Mr. Chen was an Engineer of Shanghai Xin Hu Steel Factory. Mr. Chen graduated from Tongji University, Shanghai, majoring in Civil and Industrial Engineering.

MR. WANG XI

Executive Vice-President

Mr. Wang Xi was appointed our Executive Vice-President in November 2016. Prior to his appointment, Mr. Wang was the Deputy General Manager of China Merchants Shekou Holdings Co., Ltd., and concurrently held the position of General Manager of its East China operations. Mr Wang also served as the Director of Business Development at China Merchant's Property Development Subsidiary (CMPD) prior to the merger of China Merchants' Shekou Group and CMPD. Mr Wang has also held key positions in various companies such as the President of Xing Zhi Ye Real Estate Agency Co., Ltd. in Shenzhen between June 2004 and December 2005 as well as the Director of Marketing and Architectural Design at Shanghai Industrial Investment (Holdings) Co., Ltd.'s property development unit and the General Manager of its subsidiary's operations in Zhengzhou from January 2003 to April 2004. Mr. Wang graduated from Shenzhen University in 1993 with a Bachelor's Degree in Architecture. He obtained his Master's Degree in Management and Engineering from the South China University of Technology in 2001. Mr. Wang is also a Certified Civil Engineer.

MR. JIM CHAN CHI WAI

Group Financial Controller

Mr. Jim Chan Chi Wai has been our Group Financial Controller since 2003. He is responsible for our day-to-day finance and accounting functions and is also involved in the supervision of our finance staff. He has more than 10 years of experience as an auditor and accountant. Prior to joining Yanlord, he was the Financial Controller of Komark Hong Kong Co., Ltd, a subsidiary of KomarkCorp Berhad, a multinational company listed in Malaysia, for approximately two years. He was also a Senior Accountant at Cathay International Limited, a multinational company with investments in the United Kingdom and the PRC from 1997 to 2001 and Senior Audit Accountant at PricewaterhouseCoopers from 1993 to 1997. Mr. Chan graduated with a Bachelor of Arts in Accountancy with Second Class Honours, Upper Division, from the City University of Hong Kong in 1993. He is a Certified Public Accountant registered with the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, Hong Kong.

KEY MANAGEMENT

MR. ZHOU YIQUN

General Manager - Shanghai

Mr. Zhou Yiqun was appointed the General Manager of our Shanghai operations in December 2015 and is responsible for the overall management of our business in Shanghai. Mr. Zhou has more than 10 years of operation experience in real estate development. Prior to this appointment, Mr. Zhou served as our Group's Investment and Operation Director and the Executive Director of our Shanghai subsidiary. Before joining Yanlord, Mr. Zhou served in various managerial positions of Hong Kong based RK Properties. Mr. Zhou was the General Manager of RK Group's Shanghai subsidiary from 2009 to 2014. He was the Executive Deputy General Manager of its Jinan subsidiary from 2007 to 2009. Mr. Zhou was with Sunco Group from 2005 to 2007, working as the Assistant to General Manager at its Wuxi subsidiary and Senior Manager of the Sunco's Strategic Development Center. Mr. Zhou graduated from Suzhou University with a Master's degree in Management. He also completed his EMBA program (2014-2015) at Cheung Kong Graduate School of Business.

MR. LAM CHING FUNG

General Manager – Zhuhai

Mr. Lam Ching Fung has been the General Manager of our operations in Zhuhai since 2005 and is responsible for the overall management of our business in Zhuhai. He was previously a Director of the Zhuhai Special Economic Zone Longshi Bottle Capping Factory and was also responsible for the overall management of the business. Mr. Lam has completed an executive course in Advanced Business Management conducted by Qinghua University, Zhuhai.

MR. ZHOU CHENG

General Manager – Suzhou

Mr. Zhou Cheng is the General Manager of our Suzhou operations and is responsible for the overall management of our business in Suzhou. Mr. Zhou joined Yanlord in April 2000 as a Project Manager in the Group's Nanjing subsidiary and has assumed numerous roles including the Manager of the Engineering Department at our Nanjing subsidiary before assuming the role as the Vice General Manager of our Suzhou subsidiary in 2005. Between 1999 and April 2000, Mr. Zhou was the Project Manager and Civil & HVAC Engineer at Pepsi Cola Nanjing. Between 1989 and 1999, Mr. Zhou was Project Manager at Nanjing Steel Group. Mr. Zhou graduated from Xi'an University of Architecture and Technology in 1989 with a Degree in Industrial and Civil Engineering.

MR. HUANG ZHONG XIN

General Manager – Chengdu

Mr. Huang Zhong Xin has been the General Manager of our Chengdu operations since 2005 and is responsible for the overall management of our operations in Chengdu. Since 2002, he served as the Assistant General Manager and later the General Manager of Yanlord Land (Chengdu) Co., Ltd. He was involved in day to day operations of the company. Mr. Huang has been with Yanlord since 1989. He was first involved in the international trading business of Yanlord Holdings until 1993. Subsequently, he was the Assistant General Manager of Yanlord Industrial (Shenzhen) Co., Ltd. and was responsible for setting up of industrial centres for two years. From 1994 to 2002, he was the Assistant General Manager at Yanlord Investment (Nanjing) Co., Ltd. and Acting General Manager of Yanlord Property Management Co., Ltd. and was involved in the marketing, project planning and property management functions of these companies.

MR. GAO YONGJUN

General Manager – Nanjing and Sanya

Mr. Gao Yongjun was appointed General Manager of our Nanjing operations in May 2012 and has been the General Manager of our Sanya operations since March 2010. He is responsible for the overall management of our businesses in Nanjing and Sanya. Mr. Gao joined Yanlord in March 1998 and worked as Project Manager, Director of Engineering Department and Assistant General Manager of our Nanjing subsidiary over the years, taking charge of project development and landscaping. between December 2006 and March 2010, Mr. Gao was the Vice General Manager of our Nanjing subsidiary. Mr. Gao graduated from Yangzhou University in 1993 and majored in Industrial and Civil Engineering.

MR. LIN JUN TENG

General Manager – Tianjin, Tangshan and Jinan

Mr. Lin Jun Teng was appointed General Manager of our Tianjin and Tangshan operations in March 2017, also appointed General Manager of our Jinan operations in 2017 later and had served as the Assistant General Manager of operations in Tianjin from June 2004 to June 2014. He is responsible for the overall planning and management of our business in Tianjin. Prior to joining Yanlord, he served as Director and General Manager of Hong Kong Art and Decoration Co. Ltd. between 2001 and 2003. Before that, Mr. Lin worked as Director and General Manager at a catering management company in Canada. Mr. Lin graduated in LaSalle College of Montreal Canada in 1993 and majored in hotel management.

MR. ZHONG BAILING

General Manager - Zhongshan

Mr. Zhong Bailing was appointed the General Manager of our Zhongshan operations from December 2015 and is currently responsible for the management of our business in Zhongshan. Prior to that, he was the General Manager of our Shanghai operations from 2012 to 2015 and was the General Manager of our Shenzhen operations from 2010 to 2012. From December 2006 to March 2010, Mr. Zhong Bailing was the Executive Vice General Manager of our Zhuhai subsidiary, taking charge of architectural design, engineering, marketing and property management. Between February 1999 and December 2006, he was a Senior Manager of IPC Corporation Ltd. of Singapore and was responsible for the company's project development and marketing in Zhuhai. From May 1996 to February 1998, he was a Project Manager with Zhuhai International Engineering Consulting Co., Ltd. Mr. Zhong Bailing obtained his Bachelor's and Master's Degrees in Engineering from Tsinghua University in 1993 and 1996 respectively. From February 1998 to March 1999, he was a visiting scholar at Nanyang Technological University in Singapore. He is a member of China Institute of Real Estate Appraisers and Agents.

MR. RUAN XIN KUN

General Manager – Haimen

Mr. Ruan Xin Kun was appointed the General Manager of our Haimen operations in April 2014 and is responsible for the overall management of our business in Haimen. Mr. Ruan was the Assistant General Manager of our Suzhou operations from 2003 to 2014 and was responsible for cost management, finance, sales and business development. Prior to joining Yanlord, Mr. Ruan served as a Department Manager of Chuxiong Renheng Fertilizer Co., Ltd. and Executive Director of Suzhou Renheng QingLing Motor Trading Co., Ltd.

MR. LIU JICHAO

General Manager – Wuhan

Mr. Liu Jichao was appointed the General Manager of our Wuhan operations in March 2017 and is responsible for the overall management of our business in Wuhan. Mr. Liu joined Yanlord in March 2002 as a Project Manager in the Group's Nanjing subsidiary and has assumed numerous roles including the Manager of the Engineering Department in 2008 and Assistant to General Manager in 2010 before assuming the role as the Deputy General Manager of our Nanjing subsidiary in 2012, responsible for project development, cost management and business operations. Between 1995 and 2002, Mr. Liu served in various managerial positions of civil engineering projects at Nanjing Dadi Construction Group and Nanjing Overseas Construction Engineering Co., Ltd. Mr. Liu graduated from China University of Mining and Technology, majoring in Civil Engineering in 1995.

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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 66 to 154 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Zhong Sheng Jian
Zhong Siliang
Chan Yiu Ling
Zhong Ming
Ronald Seah Lim Siang
Ng Shin Ein
Ng Jui Ping
Hee Theng Fong (Appointed on October 11, 2017)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares in, or debentures of, the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act ("Act") except as follows:

	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**As at beginning of year**	**As at end of year**	**As at beginning of year**	**As at end of year**
<u>The Company</u>				
a) Ordinary shares				
Zhong Sheng Jian [(1)]	40,939,700	42,189,700	1,278,390,000	1,278,390,000
Zhong Siliang	320,000	320,000	–	–
Chan Yiu Ling [(2)]	720,000	720,000	25,000	25,000
Ronald Seah Lim Siang	20,000	20,000	–	–
Ng Shin Ein	118,000	118,000	–	–
Ng Jui Ping	100,000	100,000	–	–
b) Senior notes due 2017 (S$'000)				
Ng Shin Ein	5,000	–	–	–

Notes:

(1) Zhong Sheng Jian is deemed to be interested in 1,278,390,000 (2016 : 1,278,390,000) ordinary shares of the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest).

(2) Chan Yiu Ling is deemed to be interested in 25,000 shares of the Company held by her spouse.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

The directors' beneficial interest in other related corporations' shares and debentures were as follows:

Name of directors and companies in which interests are held	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
	As at beginning of year	As at end of year	As at beginning of year	As at end of year
Immediate holding company				
Yanlord Holdings Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian [1]	95,000,000	95,000,000	5,000,000	5,000,000
Subsidiary				
Yanlord Land (HK) Co., Ltd. Senior notes due 2022 (US$'000)				
Ng Shin Ein	–	2,000	–	–
Related corporations				
(i) Yanlord Capital Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	–	–	1	1
(ii) Yanlord Industries Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	–	–	1	1

Note:

(1) Zhong Sheng Jian is deemed to be interested in 5,000,000 ordinary shares of YHPL held by his spouse.

By virtue of Section 7 of the Act, Zhong Sheng Jian is deemed to have an interest in the Company and all the related corporations of the Company.

Save for 43,591,100 ordinary shares of the Company held by Zhong Sheng Jian as at January 21, 2018, the interests of other directors in the shares and senior notes of the Company as at January 21, 2018 were the same as at December 31, 2017.

4 SHARE OPTIONS

a. Options to take up Unissued Shares

During the financial year, no option to take up unissued shares of the Company or any of its subsidiary corporations was granted.

b. Options Exercised

During the financial year, no share of the Company or any of its subsidiary corporations was allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any of its subsidiary corporations.

c. Unissued Shares Under Options

There was no option granted by the Company or any of its subsidiary corporations to any person to take up unissued shares of the Company or any of its subsidiary corporations as at the end of the financial year.

5 AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following members:

Ronald Seah Lim Siang	Chairman and Lead Independent Director
Ng Jui Ping	Independent Director
Ng Shin Ein	Independent Director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP, Singapore for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Zhong Sheng Jian

Chan Yiu Ling

March 27, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANLORD LAND GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Yanlord Land Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 154.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the scope of our audit responded to the key audit matters
Assessment of recoverable amounts for properties for development, properties under development for sale and completed properties for sale	
Properties (consisting of properties for development, properties under development for sale and completed properties for sale) (Note 9) represent a significant proportion of the assets in the Group's statement of financial position. The accounting policies for Properties are set out in Note 2 to the consolidated financial statements. Management's assessment of the recoverable amounts of the Properties is a judgemental process which requires the estimation of the net realisable value, which takes into account the future selling price (net of all estimated selling expenses) and the anticipated costs to completion. The shortfall in the net realisable value over the cost is accounted for as an impairment loss in profit or loss. Management evaluates the recoverable amounts of the Properties by taking into consideration of the development plan, timing of sales, current market prices of the properties involved or of comparable properties and the prevailing property market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Inappropriate management estimates made in the impairment assessment would result in a significant impact on the carrying amount of the Properties.	Our audit procedures on the assessment of recoverable amounts of the Properties included, among others: • We obtained an understanding and tested the design and implementation of the Group's controls by checking approvals over reviewing and updating selling price and cost forecasts, setting budgets and authorising and recording of costs. • We discussed with management to understand their basis used in determining whether the Group's Properties are impaired and the amount of impairment to be recorded, if any. • We challenged management assumptions relating to the reasonableness of the future sales which included transacted prices of past sales of the properties involved or of comparable properties in similar locations; actual prices achieved post year end of the properties involved where available; and the need to adjust for any of these estimated prices considering the current property market trends. We compared these prices to either externally published benchmarks where appropriate, and also considered whether the expected selling prices are consistent with the current property market trends. • On a sampling basis, we agreed land costs to the acquisition of land use right agreements, corroborated projected construction costs to the construction agreements, if available and compared to the construction costs of the Group's other similar projects based on the project plan. • We focused our work on development projects with slower than expected sales or with low or negative margins. We compared actual margins achieved to budget, to check the accuracy of the Group's budgeting process. Where there were differences, we corroborated the management's explanations. We evaluated the sensitivity of the margin to a change in sales prices and costs and considered whether this indicated a risk of impairment. Based on our procedures, we agreed with management that no indicators of impairment were noted for the Properties held by the Group as at year end. We have also assessed and validated the adequacy of the Group's disclosures in respect of significant estimates made on the recoverable amounts for Properties in the consolidated financial statements.

Key audit matters	How the scope of our audit responded to the key audit matters
Valuation of investment properties	
Investment properties (Note 8) represent a significant proportion of the assets in the Group's statement of financial position. The accounting policy for investment properties is set out in Note 2 to the consolidated financial statements. The fair value of the investment properties is based on the valuation performed by an independent professional valuer (the "Valuer"). In determining fair values of completed properties, two valuation techniques are used by the Valuer, depending on the nature of each investment property. These valuation techniques used include: (i) direct comparison approach; and (ii) income capitalisation approach. Investment properties under construction are valued using residual approach, which is estimation of the capital value of a development with reference to its development potential by deducting costs and developer's profit from its estimated completed development value. The valuation of the investment properties is a significant estimation area as it is underpinned by a number of key assumptions used in the valuation, which include (i) price per square metre; (ii) capitalisation rates; (iii) market rent per square metre per month. Inappropriate estimates made in the valuation assessment would result in a significant impact on the carrying amount of the investment properties and the fair value changes in the consolidated statement of profit or loss.	Our audit procedures on the valuation of investment properties included, among others: • We tested the key controls implemented by the management to appoint the Valuer and to review and challenge the work of the Valuer. • We assessed the Valuer's competence and capabilities and read their terms of engagement with the Group, determining that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. • We discussed with the Valuer to understand the assumptions and valuation techniques used in valuing the investment properties and the market evidence used by the Valuer to support their assumptions. • With the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation techniques used by the Valuer for the respective investment properties. Taking into account the nature of each investment property, we benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment. Based on our procedures, we noted that the valuation methodologies adopted by the Valuer are comparable to the methods used for similar property types and consistent with those used in the prior years. In addition, we noted that the key assumptions used in the valuations to be within a reasonable range of our expectations. We have also assessed and validated that the adequacy of the Group's disclosures in respect of the inputs into the valuations properly reflected the assumptions used and met the requirements of the relevant accounting standards.

Key audit matters	How the scope of our audit responded to the key audit matters
Land appreciation tax ("LAT")	
The Group is required to exercise judgement in respect of LAT provision (Note 30) in accordance with the People's Republic of China ("PRC") tax laws and regulations. Inappropriate management judgement made in the provision of LAT would result in a significant impact to the consolidated statement of profit or loss.	Our audit procedures on the LAT provision included, among others: • We checked the Group's LAT computations and assessed for consistency with the local legislation and accounting standards, with the assistance of our internal tax specialists in the PRC. • We evaluated judgements taken relating to management's provisioning for LAT, by reference to local tax requirements and review of correspondence with tax authorities. Based on our procedures, we concur with management that the LAT provision made by the Group as at year end is appropriate. We have also assessed and validated the adequacy of the Group's disclosures setting out the basis of the LAT provisions and contingencies in Note 30, as well as the level of management judgements involved in the LAT provisions in Note 3 of the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tay Hwee Ling.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 27, 2018

STATEMENTS OF FINANCIAL POSITION

December 31, 2017

	Note	GROUP 2017 RMB'000	GROUP 2016 RMB'000	COMPANY 2017 RMB'000	COMPANY 2016 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**2,842,863**	1,819,467	**–**	–
Investment properties	8	**13,986,380**	13,694,556	**–**	–
Properties for development	9	**15,079,352**	2,792,938	**–**	–
Investments in subsidiaries	10	**–**	–	**3,390,836**	2,473,274
Investments in associates	11	**584,881**	610,363	**–**	–
Investments in joint ventures	12	**4,542,033**	1,200,199	**–**	–
Other receivables and deposits	14	**2,402,132**	873,153	**–**	–
Non-trade amounts due from:					
Joint ventures	12	**2,696,774**	1,202,561	**–**	–
Non-controlling shareholders of subsidiaries	13	**400,000**	200,000	**–**	–
Available-for-sale investment		**2,990**	–	**–**	–
Intangible asset	15	**812**	613	**–**	–
Deferred tax assets	16	**445,184**	444,061	**–**	–
Total non-current assets		**42,983,401**	22,837,911	**3,390,836**	2,473,274
Current assets					
Inventories		**92,721**	73,020	**–**	–
Completed properties for sale	9	**8,487,306**	4,704,316	**–**	–
Properties under development for sale	9	**25,587,718**	38,214,800	**–**	–
Trade receivables		**26,298**	22,197	**–**	–
Other receivables and deposits	14	**3,923,692**	4,903,935	**4**	4
Non-trade amounts due from:					
Subsidiaries	5	**–**	–	**11,926,923**	14,139,634
Associates	11	**1,283,682**	1,176,327	**–**	–
Joint ventures	12	**2,849,514**	207,750	**–**	–
Non-controlling shareholders of subsidiaries	13	**2,336,464**	2,287,134	**–**	–
Other related parties	6	**584**	625	**–**	–
Income tax prepayment		**791,636**	916,334	**–**	–
Pledged bank deposits	17	**40,029**	520,680	**–**	–
Cash and cash equivalents	17	**17,798,313**	17,583,383	**2,650**	21,902
Total current assets		**63,217,957**	70,610,501	**11,929,577**	14,161,540
Total assets		**106,201,358**	93,448,412	**15,320,413**	16,634,814

STATEMENTS OF FINANCIAL POSITION

December 31, 2017

	Note	GROUP 2017 RMB'000	GROUP 2016 RMB'000	COMPANY 2017 RMB'000	COMPANY 2016 RMB'000
EQUITY AND LIABILITIES					
Capital, reserves and non-controlling interests					
Share capital	19	**7,261,726**	7,261,726	**7,261,726**	7,261,726
Reserves		**15,468,798**	13,785,068	**100,507**	(83,411)
Equity attributable to owners of the Company		**22,730,524**	21,046,794	**7,362,233**	7,178,315
Non-controlling interests		**9,972,287**	8,962,762	**–**	–
Total equity		**32,702,811**	30,009,556	**7,362,233**	7,178,315
Non-current liabilities					
Bank and other borrowings – due after one year	23	**27,664,355**	12,438,479	**639,509**	922,254
Senior notes	24	**2,911,604**	–	**–**	–
Deferred tax liabilities	16	**2,607,761**	2,243,610	**–**	–
Non-trade amounts due to non-controlling shareholders of subsidiaries	13	**1,265,625**	337,127	**–**	–
Put liability to acquire non-controlling interests	18	**1,334,144**	1,421,698	**–**	–
Deferred income		**138,083**	–	**–**	–
Total non-current liabilities		**35,921,572**	16,440,914	**639,509**	922,254
Current liabilities					
Bank and other borrowings – due within one year	23	**2,557,063**	8,311,176	**79,201**	495,221
Senior notes	24	**–**	1,916,309	**–**	1,916,309
Trade payables	25	**7,307,244**	7,926,994	**–**	–
Other payables	26	**22,051,664**	24,088,948	**3,667**	21,737
Non-trade amounts due to:					
Subsidiary	5	**–**	–	**7,186,140**	5,386,074
Joint venture	12	**–**	365	**–**	–
Ultimate holding company	5	**–**	672,486	**–**	672,486
Directors	6	**49,663**	42,418	**49,663**	42,418
Non-controlling shareholders of subsidiaries	13	**688,573**	297,347	**–**	–
Other related parties	6	**55,676**	47,630	**–**	–
Income tax payable		**4,867,092**	3,694,269	**–**	–
Total current liabilities		**37,576,975**	46,997,942	**7,318,671**	8,534,245
Total equity and liabilities		**106,201,358**	93,448,412	**15,320,413**	16,634,814

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Financial year ended December 31, 2017

	Note	GROUP 2017 RMB'000	GROUP 2016 RMB'000
Revenue	27	**25,638,407**	25,664,408
Cost of sales		**(13,594,462)**	(17,644,673)
Gross profit		**12,043,945**	8,019,735
Other operating income	28	**620,600**	812,281
Selling expenses		**(330,537)**	(397,153)
Administrative expenses		**(809,328)**	(594,997)
Other operating expenses		**(15,660)**	(15,202)
Finance cost	29	**(484,690)**	(347,819)
Share of loss of associates	11	**(8,114)**	(11,790)
Share of profit of joint ventures	12	**346,008**	7,099
Profit before income tax		**11,362,224**	7,472,154
Income tax	30	**(5,741,957)**	(3,494,956)
Profit for the year	31	**5,620,267**	3,977,198
Profit attributable to:			
Owners of the Company		**3,216,440**	2,697,361
Non-controlling interests		**2,403,827**	1,279,837
		5,620,267	3,977,198
Earnings per share (cents)	32		
– Basic		**166.12**	138.56
– Diluted		**166.12**	138.56

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2017

	Note	GROUP 2017 RMB'000	GROUP 2016 RMB'000
Profit for the year	31	**5,620,267**	3,977,198
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference		**494,872**	(411,354)
Share of other comprehensive income of a joint venture		**4,372**	–
Cash flow hedge	22	**–**	36,361
Other comprehensive income (expense) for the year, net of tax		**499,244**	(374,993)
Total comprehensive income for the year		**6,119,511**	3,602,205
Total comprehensive income attributable to:			
Owners of the Company		**3,715,598**	2,322,368
Non-controlling interests		**2,403,913**	1,279,837
		6,119,511	3,602,205

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2017

	Note	Share capital RMB'000	Treasury shares RMB'000 (Note 20)	Currency translation reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000 (Note 22)	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
GROUP												
Balance at January 1, 2016		7,261,726	–	(278,335)	1,244,034	(1,834,019)	(36,361)	(337,196)	14,315,220	20,335,069	10,199,385	30,534,454
Total comprehensive income for the year:												
Profit for the year		–	–	–	–	–	–	–	2,697,361	2,697,361	1,279,837	3,977,198
Other comprehensive expense for the year		–	–	(411,354)	–	–	36,361	–	–	(374,993)	–	(374,993)
Total		–	–	(411,354)	–	–	36,361	–	2,697,361	2,322,368	1,279,837	3,602,205
Transactions with owners, recognised directly in equity:												
Change of interest in subsidiaries	10	–	–	–	–	–	–	(103)	–	(103)	(2,397)	(2,500)
Capital injection from non-controlling shareholders		–	–	–	–	–	–	–	–	–	112,513	112,513
Capital withdrawal by non-controlling shareholders		–	–	–	–	–	–	–	–	–	(1,806,473)	(1,806,473)
Non-controlling interest arising from acquisition of subsidiaries	35	–	–	–	–	–	–	–	–	–	72,504	72,504
Dividends	33	–	–	–	–	–	–	–	(141,836)	(141,836)	–	(141,836)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(784,422)	(784,422)
Change of control from subsidiaries to associates	36	–	–	–	–	–	–	–	–	–	(108,185)	(108,185)
Put liability to acquire non-controlling interests	18	–	–	–	–	–	–	(1,421,698)	–	(1,421,698)	–	(1,421,698)
Repurchase of shares	20	–	(47,006)	–	–	–	–	–	–	(47,006)	–	(47,006)
Appropriations		–	–	–	158,976	–	–	–	(158,976)	–	–	–
Total		–	(47,006)	–	158,976	–	–	(1,421,801)	(300,812)	(1,610,643)	(2,516,460)	(4,127,103)
Balance at December 31, 2016		7,261,726	(47,006)	(689,689)	1,403,010	(1,834,019)	–	(1,758,997)	16,711,769	21,046,794	8,962,762	30,009,556

See accompanying notes to financial statements.

	Note	Share capital RMB'000	Treasury shares RMB'000 (Note 20)	Currency translation reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
GROUP											
Balance at January 1, 2017		7,261,726	(47,006)	(689,689)	1,403,010	(1,834,019)	(1,758,997)	16,711,769	21,046,794	8,962,762	30,009,556
Total comprehensive income for the year:											
Profit for the year		–	–	–	–	–	–	3,216,440	3,216,440	2,403,827	5,620,267
Other comprehensive income for the year		–	–	494,786	–	–	4,372	–	499,158	86	499,244
Total		–	–	494,786	–	–	4,372	3,216,440	3,715,598	2,403,913	6,119,511
Transactions with owners, recognised directly in equity:											
Change of interest in subsidiaries	10	–	–	–	229	–	(1,530,277)	–	(1,530,048)	(123,312)	(1,653,360)
Capital withdrawal by non-controlling shareholders		–	–	–	–	–	–	–	–	(1,359,385)	(1,359,385)
Non-controlling interest arising from acquisition of subsidiaries	35	–	–	–	–	–	–	–	–	275,696	275,696
Dividends	33	–	–	–	–	–	–	(415,855)	(415,855)	–	(415,855)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	(177,870)	(177,870)
Change of control from subsidiaries to joint ventures	37	–	–	–	–	–	(662)	–	(662)	(9,517)	(10,179)
Repurchase of shares	20	–	(85,303)	–	–	–	–	–	(85,303)	–	(85,303)
Appropriations		–	–	–	100,634	–	–	(100,634)	–	–	–
Total		–	(85,303)	–	100,863	–	(1,530,939)	(516,489)	(2,031,868)	(1,394,388)	(3,426,256)
Balance at December 31, 2017		7,261,726	(132,309)	(194,903)	1,503,873	(1,834,019)	(3,285,564)	19,411,720	22,730,524	9,972,287	32,702,811

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2017

	Note	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
COMPANY						
Balance at January 1, 2016		7,261,726	–	(564,845)	(29,521)	6,667,360
Total comprehensive income for the year:						
Profit for the year		–	–	–	381,945	381,945
Other comprehensive income for the year		–	–	317,852	–	317,852
Total		–	–	317,852	381,945	699,797
Transaction with owners, recognised directly in equity:						
Dividends	33	–	–	–	(141,836)	(141,836)
Repurchase of shares	20	–	(47,006)	–	–	(47,006)
Total		–	(47,006)	–	(141,836)	(188,842)
Balance at December 31, 2016		7,261,726	(47,006)	(246,993)	210,588	7,178,315
Total comprehensive income for the year:						
Profit for the year		–	–	–	561,838	561,838
Other comprehensive income for the year		–	–	123,238	–	123,238
Total		–	–	123,238	561,838	685,076
Transaction with owners, recognised directly in equity:						
Dividends	33	–	–	–	(415,855)	(415,855)
Repurchase of shares	20	–	(85,303)	–	–	(85,303)
Total		–	(85,303)	–	(415,855)	(501,158)
Balance at December 31, 2017		7,261,726	(132,309)	(123,755)	356,571	7,362,233

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2017

		GROUP	
		2017 RMB'000	2016 RMB'000
Operating activities			
Profit before income tax		**11,362,224**	7,472,154
Adjustments for:			
Allowance for doubtful debts and bad debts written off		**43**	–
Depreciation expense		**33,207**	32,085
Fair value gain on investment properties		**(148,321)**	(366,090)
Fair value gain on held-for-trading investment		**–**	(5,967)
Fair value gain from put liability to acquire non-controlling interests		**(87,554)**	–
Finance cost		**484,690**	347,819
Interest income		**(359,168)**	(268,270)
Net gain on disposal of property, plant and equipment		**(192)**	(7,135)
Net gain on disposal of investment properties		**(5,002)**	(7,251)
Net loss on disposal of held-for-trading investment		**–**	937
Share of loss of associates		**8,114**	11,790
Share of profit of joint ventures		**(346,008)**	(7,099)
Operating cash flows before movements in working capital		**10,942,033**	7,202,973
Properties for development		**(19,767,496)**	(270,461)
Inventories		**(19,479)**	(14,071)
Completed properties for sale		**8,412,880**	12,733,840
Properties under development for sale		**(426,819)**	(7,388,342)
Trade and other receivables and deposits		**(750,890)**	(2,481,718)
Trade and other payables		**(3,261,681)**	4,688,181
Cash (used in) generated from operations		**(4,871,452)**	14,470,402
Interest paid		**(1,702,981)**	(1,230,321)
Income tax paid		**(4,072,278)**	(2,950,647)
Net cash (used in) from operating activities		**(10,646,711)**	10,289,434
Investing activities			
Acquisition of subsidiaries	35	**(582,003)**	(1,499,913)
Change of control from subsidiaries to associates	36	**–**	(146,984)
Change of control from subsidiaries to joint ventures	37	**(85,879)**	–
Investments in associates		**–**	(495,408)
Investments in joint ventures		**(1,877,680)**	(51,160)
Interest received		**186,120**	191,740
Decrease (Increase) in pledged bank deposits		**480,651**	(469,313)
Proceeds on disposal of property, plant and equipment		**2,163**	21,971
Proceeds on disposal of investment properties		**14,056**	39,599
Proceeds on disposal of held-for-trading investment		**–**	24,374
Payment for property, plant and equipment		**(1,060,294)**	(382,911)
Payment for investment properties		**(152,557)**	(1,608,985)
Purchase of available-for-sale investment		**(2,990)**	–
Payment for intangible assets		**(199)**	–
Advance to associates		**(89,987)**	(1,266,762)
Repayment from associates		**–**	177,282
Advance to joint ventures		**(2,522,333)**	(3,288,874)
Repayment from joint ventures		**2,576,327**	2,446,508
Advance to non-controlling shareholders of subsidiaries		**(1,516,755)**	(1,824,530)
Net cash used in investing activities		**(4,631,360)**	(8,133,366)

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2017

	Note	GROUP 2017 RMB'000	GROUP 2016 RMB'000
Financing activities			
Dividends paid	33	**(415,855)**	(141,836)
Dividends paid to non-controlling shareholders of subsidiaries (Note A)		**(213,578)**	(746,936)
Net proceeds on issue of senior notes		**3,085,026**	–
Proceeds from bank and other borrowings		**26,303,899**	15,834,321
Repayment of bank and other borrowings		**(10,119,950)**	(9,821,984)
Purchase of treasury shares	20	**(85,303)**	(47,006)
Repurchase and redemption of senior notes		**(1,974,600)**	(4,514,269)
(Repayment to) Advance from a joint venture		**(365)**	365
Advance from directors		**6,056**	16,853
Advance from ultimate holding company		**341,030**	677,572
Repayment to ultimate holding company		**(1,013,448)**	–
Advance from non-controlling shareholders of subsidiaries		**2,163,954**	401,243
Repayment to non-controlling shareholders of subsidiaries		**(1,087,285)**	(1,708,461)
Advance from other related parties		**8,046**	37,776
Capital injection from non-controlling shareholders of subsidiaries		**–**	112,513
Capital withdrawal by non-controlling shareholders of subsidiaries		**(359,385)**	(1,806,473)
Acquisition of non-controlling interest in subsidiaries		**(1,412,840)**	(2,500)
Disposal of partial interest in a subsidiary		**12,000**	–
Net cash from (used in) financing activities		**15,237,402**	(1,708,822)
Net (decrease) increase in cash and cash equivalents		**(40,669)**	447,246
Cash and cash equivalents at beginning of year	17	**17,583,383**	17,516,991
Effect of exchange rate changes on the balance of cash held in foreign currencies		**255,599**	(380,854)
Cash and cash equivalents at end of year	17	**17,798,313**	17,583,383

Note A

During the year, the Group declared dividends of RMB178 million (2016 : RMB784 million) to non-controlling shareholders of subsidiaries, of which RMB3 million (2016 : RMB37 million) was unpaid as at year end and was included in "amounts due to non-controlling shareholders of subsidiaries" as at December 31, 2017.

In 2017, dividends paid to non-controlling shareholders of subsidiaries of RMB214 million included RMB38 million which was declared in prior years.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 200601911K) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Temasek Boulevard, #36-02 Suntec Tower Two, Singapore 038989. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Renminbi ("RMB").

The principal activity of the Company is to carry on the business of an investment holding company and procurer of funds.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017 were authorised for issue by the Board of Directors on March 27, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new / revised FRSs and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK IN 2018 – In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below).

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects described below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

NEW SFRS(I) THAT MAY HAVE IMPACT – The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*

The pronouncement:

- retains the requirement that a transfer into, or out of, investment property can be made when, and only when, evidence of a change of use of the property exists.

- clarifies that the list of events constituting evidence of a change of use has occurred are only examples.

SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The Interpretation applies to a foreign currency transaction when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.

The Interpretation clarifies that:

- the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

- if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management does not plan to early adopt SFRS(I) 16 for financial year ending December 31, 2018.

Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

The pronouncement clarifies that SFRS(I) 9, including its impairment requirements, applies to long-term interests in associates and joint ventures to which the equity method is not applied but that form part of an entity's net investment in the investees.

Management does not plan to early adopt the amendments to SFRS(I) 1-28 for financial year ending December 31, 2018.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Management does not plan to early adopt SFRS(I) INT 23 for financial year ending December 31, 2018.

Impact assessment

(a) Management has performed a detailed analysis of those new pronouncements relevant to the Group and the Company, which are effective from financial year ending December 31, 2018, and determined that there will be no material adjustments expected from the initial application, other than additional enhanced disclosures, and the following changes to recognition and measurement policies:

- Change in basis of recognising impairment losses for financial assets

(b) Management has performed a preliminary analysis of those relevant pronouncements which are effective from annual periods beginning on or after January 1, 2019, and does not expect material adjustments.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – The acquisition of subsidiaries from a common controlling shareholder is accounted for using the merger accounting method. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries.

The acquisition of subsidiaries from a party other than a common controlling shareholder is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

PUT LIABILITY TO ACQUIRE NON-CONTROLLING INTERESTS – When an entity within the Group writes non-cancellable rights for non-controlling shareholders to put back their shares to the entity (the "Put Instruments") as part of the acquisition of a subsidiary for settlement in cash, a put liability is recognised for the present value of the exercise price of the Put Instruments. This creates an obligation or potential obligation for the entity to purchase its subsidiary's instruments (constitutes the Group's own equity in the consolidated financial statements) for cash.

When the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, the Group has chosen an accounting policy that the non-controlling interests continue to be recognised. Therefore, the present value of the Put Instruments is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised in profit or loss.

If the Put Instrument expires unexercised, then the charge to equity will be reversed and the financial liability will be derecognised. If the Put Instruments are exercised, then the charge to equity will be reversed and the financial liability will be derecognised and acquisition accounting will be applied, whereby the acquisition of the Group's ownership interests in a subsidiary that do not result in the change in control over the subsidiary are accounted for as equity transactions.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "other operating income" or "other operating expense" line in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 4 (c) (vi).

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank and other borrowings and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments of derivatives as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 21 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 22.

Cash flow hedge

The effective portion of changes in fair value of derivatives that are designed and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the consolidated statement of profit or loss and consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term on the same basis as the leased income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

PROPERTIES FOR DEVELOPMENT – Properties for development are mainly vacant leasehold land for future development in respect of which physical construction is not expected to commence within twelve months from the end of the reporting period. They are stated at cost less allowance for any impairment in value.

PROPERTIES UNDER DEVELOPMENT FOR SALE – Properties under development for sale are stated at lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties for sale.

Properties under development for sale include properties in respect of which concrete planning and preparatory activities have been approved by management and have commenced, and physical construction is expected to commence within twelve months from the end of the reporting period.

COMPLETED PROPERTIES FOR SALE – Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of land cost, construction costs and capitalised borrowing costs incurred during the period of construction.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than construction-in-progress, over their estimated useful lives, using the straight-line method on the following bases:

Leasehold land and buildings	–	2% to 5%
Motor vehicles	–	10% to 25%
Furniture, fixtures and equipment	–	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of a property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES – Investment properties are properties held to earn rental income and / or for capital appreciation and properties under construction for such purposes. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Where there is an inability to determine fair value reliably when comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, the investment property is measured at cost.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from properties for development, properties under development for sale or completed properties for sale to investment properties, any difference between the fair value of the properties at that date and its previous carrying amount is recognised in profit or loss.

INTANGIBLE ASSET – This relates to a club membership held on a long-term basis and is stated at cost less any impairment loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investment properties, derivative financial instruments and held-for-trading investment carried at fair value, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES AND JOINT VENTURES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when investment in an associate becomes investment in a joint venture or investment in a joint venture becomes investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MERGER DEFICIT – Merger deficit arises from combination of entities under common control accounted for using merger accounting method (see "Business Combinations"). The merger reserve represents the difference between the aggregate nominal amounts of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition.

STATUTORY RESERVE – Statutory reserve represents the amount transferred from profit after tax of the subsidiaries incorporated in the People's Republic of China ("PRC") (excluding Hong Kong) in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount towards setting off any accumulated losses or increasing capital.

OTHER RESERVE – The negative balance in other reserve comprises (i) the net excess of purchase consideration over the carrying amount of non-controlling interests acquired in the subsidiaries at the date of acquisition; (ii) the charge of the present value of a put liability in relation to put instruments entered into with the non-controlling shareholders on their equity interests in a subsidiary. Subsequent changes in the carrying value of the put liability are recognised in profit or loss; and (iii) the share of reserves and other comprehensive income of a joint venture.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable.

<u>Sale of properties developed</u>

Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances received from customers for sales of properties and are classified as current liabilities.

<u>Rendering of services</u>

Management fee income and service income are recognised over the period when services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

GOVERNMENT SUBSIDIES – Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the subsidies will be received. Government subsidies are recognised as income over the periods necessary to match them with the related costs. Government subsidies related to expense items are recognised in the same period as those expenses are charged to the profit or loss and are reported separately as "other operating income".

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged as expense when incurred.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The presentation currency for the consolidated financial statements of the Group and the statement of financial position of the Company is RMB.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the entities in the Group which do not have RMB as the functional currency (including comparatives) are expressed in RMB using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS – Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at bank and fixed deposits and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Land Appreciation Tax ("LAT")</u>

Income from sale of properties in the PRC is subject to LAT at progressive rates under the PRC tax laws and regulations. The management estimates and provides for LAT in accordance with the PRC tax laws and regulations. The management has assessed and considers the provision of LAT as at the end of the reporting period to be adequate. The LAT expense recorded during the year is disclosed in Note 30.

<u>Control over entities for which the Group does not have more than 50% ownership interest and voting rights</u>

Note 10 describes that Shanghai Renpin Property Development Co., Ltd. and Suzhou Renan Real Estate Co., Ltd. are subsidiaries of the Group even though the Group has only a 50% and 30% ownership interest and shareholder's voting rights in these two entities respectively.

The management of the Company assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. In making their judgement, the management considered the Group's rights arising from the contractual arrangements. After assessment, the management concluded that the Group has sufficiently dominant voting right and power to direct the relevant activities of these entities and therefore the Group has unilateral control over these entities.

<u>Classification of Singapore Intelligent Eco Island Development Pte. Ltd. as joint venture</u>

Singapore Intelligent Eco Island Development Pte. Ltd. is a Singapore-incorporated company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, Singapore Intelligent Eco Island Development Pte. Ltd. is classified as a joint venture of the Group (Note 12).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Carrying amounts of properties for development, completed properties for sale and properties under development for sale</u>

The aggregate carrying amount of these properties totalled RMB49.154 billion as at December 31, 2017 (2016 : RMB45.712 billion), details of which are disclosed in Note 9. They are stated at cost less allowance for impairment in value or at the lower of cost and net realisable values, assessed on an individual property basis.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

<u>Valuation of investment properties</u>

As disclosed in Note 8, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of the existing and reversionary rental income potential.

The estimated value from capitalisation of the existing and reversionary rental income potential is used as an estimate of fair value, and the estimate is dependent on several variable parameters and projections including projected rental income, occupancy rate, rental yield, discount rate and terminal yield.

Any change in the variable parameters and projections will result in change in fair value estimate for the investment properties which can potentially be significant.

In relying on the independent professional valuation report, management considered the method of valuation and the Group's marketing strategy and is of the view that the estimated values are reasonable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**29,961,718**	24,207,375	**11,929,574**	14,161,536
Available-for-sale investment	**2,990**	–	**–**	–
Financial liabilities				
Put liability to acquire non-controlling interests	**1,334,144**	1,421,698	**–**	–
Amortised cost	**43,334,303**	32,559,183	**7,958,180**	9,456,499

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Financial assets

Type of financial asset	Gross amounts of recognised financial assets RMB'000	Gross amounts of recognised financial liabilities set off in the statement of financial position RMB'000	Net amounts of financial assets presented in the statement of financial position RMB'000
<u>GROUP</u>			
2017			
Non-trade amounts due from non-controlling shareholders of subsidiaries	2,754,038	(17,574)	2,736,464
2016			
Non-trade amounts due from non-controlling shareholders of subsidiaries	2,501,635	(14,501)	2,487,134

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (Cont'd)

Financial liabilities

Type of financial liability	Gross amounts of recognised financial liabilities RMB'000	Gross amounts of recognised financial assets set off in the statement of financial position RMB'000	Net amounts of financial liabilities presented in the statement of financial position RMB'000
GROUP			
2017			
Non-trade amounts due to non-controlling shareholders of subsidiaries	1,971,772	(17,574)	1,954,198
2016			
Non-trade amounts due to non-controlling shareholders of subsidiaries	648,975	(14,501)	634,474

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group does not have any related amounts subject to enforceable master netting arrangements and similar arrangements which have not been set off in the statement of financial position.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk, interest rate risk, equity price risk), credit risk and liquidity risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

The Group uses derivative financial instruments to manage its exposure to foreign currency risk relating to its foreign currency denominated senior notes.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) *Foreign exchange risk management*

The Group enters into transactions in various foreign currencies, including the United States ("US") dollar, Hong Kong ("HK") dollar, Singapore ("SG") dollar and Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
US dollar	**6,348**	884,964	**61,989**	1,240,642	**–**	416,220	**41**	66
HK dollar	**545,094**	583,201	**145,023**	31,374	**–**	–	**201**	71
SG dollar	**11,926,678**	14,251,113	**7,228,573**	5,388,618	**–**	–	**–**	–
RMB	**2,731,728**	4,697,635	**888,177**	326,736	**718,709**	797,910	**107**	1,956

Foreign currency sensitivity

The following table details the sensitivity to a 3% increase in the exchange rate of the functional currency of each entity of the Group against the relevant foreign currencies. 3% is the sensitivity rate used by key management personnel in assessing foreign currency risk and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans, cash and cash equivalents, as well as intercompany loans within the Group where they gave rise to an impact on the Group's profit or loss and / or equity. A positive number below indicates an increase in profit before income tax and other equity when the functional currency of each Group entity strengthens by 3% against the relevant foreign currencies.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) **Financial risk management policies and objectives (Cont'd)**

(i) *Foreign exchange risk management (Cont'd)*

For a 3% weakening of the functional currency of each Group entity against the relevant foreign currencies, there would be an equal and opposite impact on the profit before income tax and other equity.

	US dollar impact		HK dollar impact		SG dollar impact		RMB impact	
	2017	2016	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GROUP								
(Decrease) Increase in profit before income tax	**(1,621)**	(10,360)	**11,654**	16,073	**(1,236)**	3,212	**79,066**	76,738
(Decrease) Increase in other equity	**–**	–	**(1)**	–	**138,074**	254,919	**(25,370)**	50,570
COMPANY								
(Decrease) Increase in profit before income tax	**(1)**	12,121	**(6)**	(2)	**–**	–	**20,930**	23,183

(ii) *Interest rate risk management*

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to obtain fixed rate borrowings to reduce volatility. However, it may borrow at variable rates when considered economical to do so.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the possible change in interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(ii) Interest rate risk management (Cont'd)

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- Profit before income tax for the year ended December 31, 2017 would decrease / increase respectively by RMB210 million (2016 : decrease / increase respectively by RMB114 million). The Group's sensitivity to interest rates has increased during the current year due to the increase in the carrying amount of variable rate debt instruments.

- It is the Group's accounting policy to capitalise borrowing costs relevant to property development. Hence, the above mentioned interest rate fluctuation may not fully impact the profit in the year where interest expense is incurred and capitalised but may affect profit in future financial years.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2017 would decrease / increase respectively by RMB7 million (2016 : decrease / increase respectively by RMB21 million). The Company's sensitivity to interest rates has decreased during the current year due to the decrease in variable rate debt instruments.

(iii) Equity price risk management

Available-for-sale investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade available-for-sale investments.

The management was of the view that the equity price risk was not significant for the Group due to the relatively small amount of such investments carried. Hence no price sensitivity analysis was presented.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(iv) *Credit risk management*

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are fully settled concurrent with delivery of properties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for non-trade amounts due from non-controlling shareholders of subsidiaries. Part of the amounts due from non-controlling interests are covered by undistributed retained earnings of the subsidiary yet to be distributed as dividends and future earnings that are expected to be distributed by the subsidiary to the non-controlling shareholders (Note 13). Information on credit risk relating to other receivables are disclosed in Note 14. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses; and (ii) credit risk relating to guarantees of approximately RMB7.508 billion (2016 : RMB11.495 billion) to banks for the benefit of the Group's customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties, as elaborated in Note 40 to the financial statements.

(v) *Liquidity risk management*

The Group maintains cash and cash equivalents, obtains external bank and other borrowings and issues senior notes with staggered repayment dates. The Group also minimises liquidity risk by keeping committed credit lines available. At December 31, 2017, the Group had available RMB11.434 billion (2016 : RMB9.571 billion) of undrawn committed bank and other credit facilities in respect of which all precedent conditions had been met.

In managing liquidity risk, the management prepares cash flow forecasts using various assumptions and monitors the cash flows of the Group.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) *Liquidity risk management (Cont'd)*

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
GROUP							
2017							
Non-interest bearing	–	8,935,657	1,334,144	–	–	–	10,269,801
Variable interest rate instruments	4.9	1,770,503	3,659,687	10,293,180	9,475,913	(4,319,921)	20,879,362
Fixed interest rate instruments	6.2	1,096,803	5,120,581	9,654,388	–	(2,352,488)	13,519,284
Total		11,802,963	10,114,412	19,947,568	9,475,913	(6,672,409)	44,668,447
2016							
Non-interest bearing	–	8,681,336	–	1,421,698	–	–	10,103,034
Variable interest rate instruments	4.3	4,518,273	2,050,927	4,430,310	1,752,267	(1,399,794)	11,351,983
Fixed interest rate instruments	6.1	7,103,215	1,517,874	5,189,915	–	(1,285,140)	12,525,864
Total		20,302,824	3,568,801	11,041,923	1,752,267	(2,684,934)	33,980,881

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) *Liquidity risk management* (Cont'd)

In 2017, the maximum amount that the Group could be obliged to settle under the financial guarantee contracts related to bank loans of buyers is RMB7.508 billion (2016 : RMB11.495 billion) (Note 40). The earliest period that the guarantees could be called is within 1 year (2016 : 1 year) from the end of the reporting period. As mentioned in Note 40, the management considers that the likelihood of these guarantees being called upon is low.

In 2017, the maximum contingent amount that the Company could be obliged to settle under the financial guarantee contracts related to senior notes issued by a subsidiary, loan facilities granted to subsidiaries and a loan facility granted to a joint venture is RMB18.205 billion (2016 : RMB6.203 billion) (Note 40). Out of the maximum contingent amount of RMB18.205 billion (2016 : RMB6.203 billion), RMB10.323 billion (2016 : RMB3.989 billion) is jointly guaranteed by the Company and five of its subsidiaries. The earliest period that the guarantees could be called is within 1 year (2016: 1 year) from the end of the reporting period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	Adjustments RMB'000	Total RMB'000
COMPANY						
2017						
Non-interest bearing	–	7,239,470	–	–	–	7,239,470
Variable interest rate Instruments	5.1	83,240	704,739	–	(69,269)	718,710
Total		7,322,710	704,739	–	(69,269)	7,958,180
2016						
Non-interest bearing	–	5,450,785	–	–	–	5,450,785
Variable interest rate instruments	3.4	1,192,943	306,485	737,584	(147,607)	2,089,405
Fixed interest rate instruments	6.8	1,968,433	–	–	(52,124)	1,916,309
Total		8,612,161	306,485	737,584	(199,731)	9,456,499

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) *Liquidity risk management (Cont'd)*

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flows will occur in a different period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
GROUP							
2017							
Non-interest bearing	–	18,772,022	1,348,208	256,633	–	–	20,376,863
Fixed interest rate instruments	5.6	6,682,463	2,030,104	1,788,040	–	(912,762)	9,587,845
Total		25,454,485	3,378,312	2,044,673	–	(912,762)	29,964,708
2016							
Non-interest bearing	–	18,293,113	52,986	606,796	–	–	18,952,895
Fixed interest rate instruments	5.5	3,864,775	231,870	1,722,170	–	(564,335)	5,254,480
Total		22,157,888	284,856	2,328,966	–	(564,335)	24,207,375

In 2017 and 2016, the Company's non-derivative financial assets are mainly non-interest bearing with expected maturity within a year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) *Fair value of financial assets and financial liabilities*

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets / (liabilities)	Fair value as at 2017 RMB'000	Fair value as at 2016 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
GROUP						
Put liability to acquire non-controlling interests	**(1,334,144)**	(1,421,698)	Level 3	Discounted cash flow. Future cash flows are estimated based on the present value of expected payment, discounted using the entity's cost of debt. The expected payment is determined by considering the fair value at the time of exit	Cost of debt with tenure of 1-2 years at 9% (2016 : 2-3 years at 10%)	A slight increase in the cost of debt used in isolation will result in a decrease in the fair value (1)

(1) A 100 basis point increase / decrease in cost of debt used as discount rate while holding all other variables constant would decrease / increase the carrying amount of put liability to acquire non-controlling interests by RMB15 million (2016 : RMB26 million).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) *Fair value of financial assets and financial liabilities (Cont'd)*

The Company had no financial assets or liabilities carried at fair value in 2017 and 2016.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values:

	2017		2016	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
GROUP				
Financial Liabilities				
Senior notes	**2,911,604**	**3,027,132**	1,916,309	1,941,494
COMPANY				
Financial Liabilities				
Senior notes	**–**	**–**	1,916,309	1,941,494

	Fair value hierarchy			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
GROUP				
2017				
Financial Liabilities				
Senior notes	–	3,027,132	–	3,027,132
2016				
Financial Liabilities				
Senior notes	–	1,941,494	–	1,941,494

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities (Cont'd)

	Fair value hierarchy			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
COMPANY				
2017				
Financial Liabilities				
Senior notes	–	–	–	–
2016				
Financial Liabilities				
Senior notes	–	1,941,494	–	1,941,494

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as total debt less cash and cash equivalents divided by equity. Total debt include bank and other borrowings, senior notes and certain non-trade amounts due to non-controlling shareholders of subsidiaries and ultimate holding company. Equity for this purpose comprises equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits, as well as non-controlling interests as shown in the consolidated statement of financial position.

The net debt to equity ratios as at December 31, 2017 and 2016 were as follows:

	GROUP	
	2017 RMB'000	2016 RMB'000
Total debt	**34,398,647**	23,675,021
Cash and cash equivalents	**(17,798,313)**	(17,583,383)
Net debt	**16,600,334**	6,091,638
Equity	**32,702,811**	30,009,556
Net debt to equity ratio	**50.8%**	20.3%

The Group's overall strategy remains unchanged from 2016. In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreements in respect of senior notes issued by the Company and its subsidiary and borrowings with the financial institutions providing the facilities to the Group.

5 ULTIMATE HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Yanlord Holdings Pte. Ltd., incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group and the Company entered into the following transactions with its ultimate holding company:

	GROUP AND COMPANY	
	2017 RMB'000	2016 RMB'000
Interest expense to ultimate holding company (Note 29)	**1,025**	560

Non-trade amount due to the ultimate holding company amounting to RMB Nil (2016 : RMB422 million and RMB250 million) bears floating interest rates at the Bank's cost of funds or SWAP offer rate plus 1.5% per annum, and the Bank's cost of funds or SWAP offer rate plus 1.1% per annum respectively. The balances are unsecured and repayable on demand.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

	GROUP	
	2017 RMB'000	2016 RMB'000
Sales of properties to key management personnel and close members of their families	**(46,467)**	(15,421)
Interest income from associates	**(35,262)**	(27,067)
Interest income from joint ventures	**(95,544)**	(50,805)
Other income from an associate	**(6,306)**	(18)
Other income from joint ventures	**(10,756)**	(7,958)
Rental expenses to a director and a company in which the director has control over	**9,998**	9,855

6 OTHER RELATED PARTY TRANSACTIONS (Cont'd)

At the end of the reporting period, the Group has outstanding commitments of RMB30 million (2016 : RMB13 million) to a director and a company in which the director has control over, under non-cancellable operating leases in respect of land and buildings for its office premises and staff accommodation.

At the end of the reporting period, the Group has pre-sales of properties totaling RMB200 million (2016 : RMB47 million) to key management and close members of their families. As at December 31, 2017, advances amounting to RMB55 million (2016 : RMB47 million) have been received from key management and close members of their families in relation to the pre-sales of properties.

As at December 31, 2017, a bank loan of the Company amounting to RMB Nil (2016 : RMB203 million) drawn for general working capital of the Group is secured by a legal charge extended by the Company's ultimate holding company and a personal guarantee from a director.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Short-term benefits	**93,913**	81,444
Post-employment benefits	**1,104**	990
	95,017	82,434

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
GROUP					
Cost:					
At January 1, 2016	335,261	77,460	160,236	1,211,617	1,784,574
Additions	4,720	6,487	11,412	360,292	382,911
Transfer to properties under development for sale	–	–	–	(61,889)	(61,889)
Disposals	(15,671)	(1,626)	(4,201)	–	(21,498)
Acquisition of a subsidiary (Note 35)	–	–	14	–	14
Change of control from subsidiaries to associates (Note 36)	–	(1,797)	(2,613)	–	(4,410)
Exchange difference	–	27	40	–	67
At December 31, 2016	324,310	80,551	164,888	1,510,020	2,079,769
Additions	176,455	15,092	14,352	854,395	1,060,294
Disposals	–	(7,124)	(4,041)	–	(11,165)
Acquisition of a subsidiary (Note 35)	–	9	41	–	50
Change of control from subsidiaries to joint ventures (Note 37)	–	–	(207)	–	(207)
Exchange difference	–	372	(73)	–	299
At December 31, 2017	500,765	88,900	174,960	2,364,415	3,129,040
Accumulated depreciation:					
At January 1, 2016	58,246	53,877	122,904	–	235,027
Depreciation for the year	11,813	7,718	14,744	–	34,275
Eliminated on disposals	(1,662)	(1,368)	(3,632)	–	(6,662)
Change of control from subsidiaries to associates (Note 36)	–	(1,103)	(1,296)	–	(2,399)
Exchange difference	–	28	33	–	61
At December 31, 2016	68,397	59,152	132,753	–	260,302
Depreciation for the year	17,601	7,410	10,140	–	35,151
Eliminated on disposals	–	(5,562)	(3,632)	–	(9,194)
Change of control from subsidiaries to joint ventures (Note 37)	–	–	(11)	–	(11)
Exchange difference	–	(32)	(39)	–	(71)
At December 31, 2017	85,998	60,968	139,211	–	286,177
Carrying amount:					
At end of year	414,767	27,932	35,749	2,364,415	2,842,863
At beginning of year	255,913	21,399	32,135	1,510,020	1,819,467

In 2017, depreciation for the year includes an amount of RMB2 million (2016 : RMB2 million) capitalised in the Group's properties for development and properties under development for sale. The carrying amount of construction-in-progress pledged to banks and other lenders to secure bank and other borrowings is disclosed in Note 23.

8 INVESTMENT PROPERTIES

	GROUP	
	2017 RMB'000	2016 RMB'000
At fair value:		
Balance as at beginning of year	**13,694,556**	11,566,890
Additions	**152,557**	1,608,985
Transfer from properties under development for sale	**–**	50,162
Transfer from completed properties for sale	**–**	134,777
Change in fair value (Notes 28 and 31)	**148,321**	366,090
Disposals	**(9,054)**	(32,348)
Balance as at end of year	**13,986,380**	13,694,556

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

	GROUP	
	2017 RMB'000	2016 RMB'000
Gain from fair value adjustment included in profit or loss	**148,321**	366,090

The fair value of investment properties at December 31, 2017 and 2016 have been determined on the basis of valuations carried out at the respective year end dates by an independent valuer having recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the direct comparison approach that reflects recent transaction prices or current asking prices for similar properties, the income capitalisation approach where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood and the residual approach whereby the fair value is determined by taking into consideration the projected total development value, costs incurred, expected cost to completion and developer's profit. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Group's investment properties and information about the fair value hierarchy as at December 31, 2017 and 2016 are as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value as at December 31 RMB'000
GROUP				
2017				
Investment properties located in the PRC	–	–	13,986,380	13,986,380
2016				
Investment properties located in the PRC	–	–	13,694,556	13,694,556

There were no transfers between the respective levels during the year.

8 INVESTMENT PROPERTIES (Cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31 RMB'000	Valuation technique(s)	Significant unobservable input(s)	Range
2017				
Completed investment properties	11,550,800 (1)	Direct comparison approach	price per square meter (2)	RMB13,884 – RMB54,747
		Income capitalisation approach	market rent per square meter per month (2)	RMB28 – RMB448
			capitalisation rate (3)	3.8% – 9.0%
Car parking spaces	550,980	Direct comparison approach	price per unit (2)	RMB70,000 – RMB260,000
Investment properties under construction	1,884,600	Residual approach	price per square meter (2)	RMB26,846 – RMB41,045
2016				
Completed investment properties	11,404,700 (1)	Direct comparison approach	price per square meter (2)	RMB14,643 – RMB47,543
		Income capitalisation approach	market rent per square meter per month (2)	RMB30 – RMB412
			capitalisation rate (3)	3.8% – 9.0%
Car parking spaces	551,856	Direct comparison approach	price per unit (2)	RMB66,190 – RMB256,000
Investment properties under construction	1,738,000	Residual approach	price per square meter (2)	RMB27,053 – RMB42,184

(1) Out of the completed investment properties, some of the properties were based on either the Direct Comparison Approach ("DCA"), or the Income Capitalisation Approach ("ICA"), and the other properties were based on the combined approach of DCA and ICA.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(3) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

The carrying amounts of investment properties pledged to banks and other lenders to secure the bank and other borrowings granted to the Group are disclosed in Note 23.

The rental income earned by the Group from its investment properties amounted to RMB343 million (2016 : RMB330 million). Direct operating expenses arising on the investment properties in the year amounted to RMB4 million (2016 : RMB4 million).

9 PROPERTIES FOR DEVELOPMENT / COMPLETED PROPERTIES FOR SALE / PROPERTIES UNDER DEVELOPMENT FOR SALE

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
At cost:		
Properties for development (Non-current assets)	**15,079,352**	2,792,938
Completed properties for sale (Current assets)	**8,487,306**	4,704,316
Properties under development for sale (Current assets)	**25,587,718**	38,214,800
	49,154,376	45,712,054

Properties for development, completed properties for sale and properties under development for sale are located in the PRC.

Up to the end of the reporting period, total interest capitalised is as follows:

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Properties for development	**664,983**	301,986
Completed properties for sale	**459,053**	269,961
Properties under development for sale	**1,619,595**	2,100,562

The carrying amounts of properties pledged to banks and other lenders to secure bank and other borrowings granted to the Group are disclosed in Note 23.

10 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2017	**2016**
	RMB'000	**RMB'000**
Unquoted equity shares, at cost	**3,390,836**	2,473,274

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
Held by the Company				
Yanlord Commercial Property Investments Pte. Ltd. [(a)] 仁恒商业地产投资有限公司	Singapore	**100**	100	Investment holding
Yanlord Land Pte. Ltd. [(a)] 仁恒置地有限公司	Singapore	**100**	100	Investment holding
Yanlord Land (HK) Co., Ltd. [(b)] 仁恒地产(香港)有限公司	Hong Kong	**100**	100	Management service
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Palovale Pte Ltd [(a)] 柏龙威有限公司	Singapore	**67**	67	Investment holding
Yanlord Property Pte. Ltd. [(a)] 仁恒地产有限公司	Singapore	**60**	60	Investment holding
Yanlord Real Estate Pte. Ltd. [(a)] 仁恒置业发展有限公司	Singapore	**95**	95	Investment holding
Yanlord Singapore Office Pte. Ltd. [(1) (b)]	Singapore	**100**	–	Investment holding
Yanlord Singapore Residential Pte. Ltd. [(1) (b)]	Singapore	**100**	–	Investment holding
Yanlord Singapore Retail Pte. Ltd. [(1) (b)]	Singapore	**100**	–	Investment holding
East Hero Investment Ltd. [(b)] 东亨投资有限公司	Hong Kong	**100**	100	Investment holding
Successful Global Consultancy Co., Ltd. [(b)] 成顺环球咨询有限公司	Hong Kong	**100**	100	Management service

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Greens Investments Ltd. (2) (b) 绿色投资有限公司	British Virgin Islands	**100**	–	Investment holding
Chengdu Everrising Asset Management Co., Ltd. (b) 成都市恒业东升资产经营管理有限公司	PRC	**51**	51	Property development and investment
Chengdu Yanlord Investment Management Co., Ltd. (b) 成都仁恒投资管理有限公司	PRC	**100**	100	Management service and investment
Chengdu Yanlord Property Management Co., Ltd. (b) 成都仁恒物业管理有限公司	PRC	**100**	100	Property management
Xinfu Trade (Chengdu) Co., Ltd. (b) 信富商贸(成都)有限公司	PRC	**100**	100	Investment holding
Yanlord Hotel Management (Chengdu) Co., Ltd. (b) 仁恒酒店管理(成都)有限公司	PRC	**100**	100	Hotel and serviced apartment management
Yanlord Land (Chengdu) Co., Ltd. (b) 仁恒置地(成都)有限公司	PRC	**100**	100	Property development
Yanlord Real Estate (Chengdu) Co., Ltd. (b) 仁恒置业(成都)有限公司	PRC	**70**	70	Property development and management
Chongzhou Yanlord Land Co., Ltd. (2) (b) 崇州仁恒置地有限公司	PRC	**80**	–	Property development
Guiyang Yanlord Property Management Co., Ltd. (b) 貴阳仁恒物业管理有限公司	PRC	**100**	100	Property management
Hainan Yanlord Luqiao Investment Co., Ltd. (1) (b) 海南仁恒陆侨投资有限公司	PRC	**51**	–	Property development

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Jinan Yanlord Heyuan Real Estate Co., Ltd. (1) (b) 济南仁恒和院置业有限公司	PRC	**100**	–	Property development
Jinan Yanlord Real Estate Co., Ltd. (1) (b) 济南仁恒置业有限公司	PRC	**100**	–	Investment holding
Lhasa Xinfu Trading Co., Ltd. (b) 拉萨信富商贸有限公司	PRC	**100**	100	Trading of building materials and hardware
Nanjing Daji Real Estate Development Co., Ltd. (b) 南京大吉房地产开发有限公司	PRC	**51**	51	Property development
Nanjing Renbei Property Development Co., Ltd. (1) (b) 南京仁北房地产开发有限公司	PRC	**100**	–	Property development
Nanjing Renyuan Investment Co., Ltd. (b) 南京仁远投资有限公司	PRC	**100**	100	Management service and investment
Nanjing Yanlord Commercial Management Co., Ltd. (b) 南京仁恒商业管理有限公司	PRC	**60**	60	Property development and investment
Nanjing Yanlord Cultural Tourism Industry Development Co., Ltd. (b) 南京仁恒文化旅游产业发展有限公司	PRC	**100**	100	Tourism investment and asset management
Nanjing Yanlord Hotel Management Co., Ltd. (b) 南京仁恒酒店管理有限公司	PRC	**100**	100	Hotel and serviced apartment management
Nanjing Yanlord Jiangdao Real Estate Co., Ltd. (3) (b) 南京仁恒江岛置业有限公司	PRC	**–**	100	Property development

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Nanjing Yanlord Jiangzhou Property Development Co., Ltd. (b) 南京仁恒江洲房地产开发有限公司	PRC	**100**	100	Property development and management
Nanjing Yanlord Property Management Co., Ltd. (b) 南京仁恒物业管理有限公司	PRC	**100**	100	Property management
Nanjing Yanlord Real Estate Co., Ltd. (b) 南京仁恒置业有限公司	PRC	**60**	60	Property development
Nanjing Yu Dian Landscape Development Co., Ltd. (b) 南京御典园林发展有限公司	PRC	**100**	100	Landscaping and gardening
Yanlord Investment (Nanjing) Co., Ltd. (b) 仁恒投资(南京)有限公司	PRC	**100**	100	Investment holding
Yanlord Land (Nantong) Co., Ltd. (b) 仁恒置地(南通)有限公司	PRC	**60**	60	Property development
Shenzhen Dongguan Shengtai Investment Co., Ltd. (2) (b) 深圳市东关盛泰投资有限公司	PRC	**65**	–	Property development
Shenzhen Hengming Commercial Co., Ltd. (b) 深圳市恒明商业有限公司	PRC	**100**	100	Property development
Shenzhen Huarong Innovation Investment Co., Ltd. (b) 深圳市华融创新投资股份有限公司	PRC	**100**	100	Property development
Shenzhen Long Wei Xin Investment Co., Ltd. (b) 深圳市龙威信投资实业有限公司	PRC	**95**	75	Property development
Shenzhen Yanlord City Re-development Co., Ltd. (1) (b) 深圳市仁恒城市更新发展有限公司	PRC	**100**	–	City redevelopment

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Shenzhen Yanlord Home Coffee Co., Ltd. [(1)] [(b)] 深圳市仁恒家咖啡有限公司	PRC	**100**	–	Food and beverage services
Shenzhen Yanlord Property Management Co., Ltd. [(b)] 深圳市仁恒物业管理有限公司	PRC	**100**	100	Property management
Yanlord Land (Shenzhen) Co., Ltd. [(b)] 仁恒置地(深圳)有限公司	PRC	**100**	100	Property development and management
Yanlord (Shenzhen) Hotel Management Co., Ltd. [(b)] 仁恒(深圳)酒店管理有限公司	PRC	**100**	100	Hotel management
Yanlord (Shenzhen) Investment Management Co., Ltd. [(b)] 仁恒(深圳)投资实业有限公司	PRC	**100**	100	Investment holding
Shanghai Gusheng Construction Intelligent Engineering Co., Ltd. [(b)] 上海固盛建筑智能化工程有限公司	PRC	**100**	60	Construction engineering
Shanghai Hong Ming Ge Food & Beverage Service Management Co., Ltd. [(b)] 上海宏名阁餐饮服务管理有限公司	PRC	**60**	60	Restaurant operation
Shanghai Pudong New District Private Yanlord Kindergarten [(4)] [(b)] 上海市浦东新区民办仁恒幼儿园	PRC	**50**	50	Kindergarten operation
Shanghai Renan Property Development Co., Ltd. [(b)] 上海仁安房地产开发有限公司	PRC	**100**	100	Property development
Shanghai Renhang Real Estate Co., Ltd. [(1)] [(b)] 上海仁杭置业有限公司	PRC	**100**	–	Property development and management

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2017 %	2016 %	
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Shanghai Renjie Hebin Garden Property Co., Ltd. [b] 上海仁杰河滨园房地产有限公司	PRC	**51**	51	Property development
Shanghai Renpin Property Development Co., Ltd. [5] [b] 上海仁品房地产开发有限公司	PRC	**50**	50	Property development and management
Shanghai Renrui Real Estate Co., Ltd. [1] [b] 上海仁睿置业有限公司	PRC	**100**	–	Property development and management
Shanghai Rensheng Real Estate Co., Ltd. [1] [b] 上海仁晟置业有限公司	PRC	**100**	–	Property development and management
Shanghai Yanlord Education Training Co., Ltd. [b] 上海仁恒教育培训有限公司	PRC	**100**	100	Education and training
Shanghai Yanlord Elevator Co., Ltd. [b] 上海仁恒电梯有限公司	PRC	**100**	100	Sale, installation, repair and maintenance of elevators
Shanghai Yanlord Gaoqiao Property Co., Ltd. [4] [b] 上海仁恒高乔房地产有限公司	PRC	**50**	50	Property development
Shanghai Yanlord Hongqiao Property Co., Ltd. [b] 上海仁恒虹桥房地产有限公司	PRC	**60**	60	Property development and management
Shanghai Yanlord Industrial Development Co., Ltd. [b] 上海仁恒实业发展有限公司	PRC	**100**	100	Management service and investment
Shanghai Yanlord Investment Management Co., Ltd. [b] 上海仁恒投资管理有限公司	PRC	**100**	100	Management service and investment

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2017 %	2016 %	
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Shanghai Yanlord Land Property Management Service Co., Ltd. [(1)] [(b)] 上海仁恒置地物业服务管理有限公司	PRC	**100**	100	Property management
Shanghai Yanlord Property Co., Ltd. [(b)] 上海仁恒房地产有限公司	PRC	**67**	67	Property development
Shanghai Yanlord Property Management Co., Ltd. [(b)] 上海仁恒物业管理有限公司	PRC	**67**	67	Property management
Shanghai Yanlord Real Estate Co., Ltd. [(b)] 上海仁恒置业发展有限公司	PRC	**57**	57	Property development
Shanghai Yanlord Senlan Real Estate Co., Ltd. [(b)] 上海仁恒森兰置业有限公司	PRC	**60**	60	Property development
Shanghai Yanlord Xing Tang Real Estate Co., Ltd. [(b)] 上海仁恒兴唐置业有限公司	PRC	**100**	100	Property development and management
Shanghai Yanlord Yangpu Property Co., Ltd. [(b)] 上海仁恒杨浦房地产有限公司	PRC	**100**	100	Property development
Shanghai Zhongting Property Development Co., Ltd. [(b)] 上海中庭房地产开发有限公司	PRC	**100**	100	Property development
Yanlord Equity Investment Management (Shanghai) Co., Ltd. [(b)] 仁恒股权投资管理(上海)有限公司	PRC	**100**	100	Investment management
Yanlord Land Investment Management (Shanghai) Co., Ltd. [(b)] 仁恒置地投资管理(上海)有限公司	PRC	**100**	100	Management service
Yanlord Property Service Management (China) Co., Ltd. [(b)] 仁恒物业服务管理(中国)有限公司	PRC	**100**	100	Property and investment management

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2017 %	2016 %	
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Hainan Yanlord Beautycrown Cultural Tourism Development Co., Ltd. [2] [b] 海南仁恒美丽之冠文化旅游发展有限公司	PRC	**60**	–	Tourism investment and asset management
Sanya Yanlord Real Estate Co., Ltd. [b] 三亚仁恒置业有限公司	PRC	**100**	100	Property development and management
Sanya Yanlord Travel Service Co., Ltd. [b] 三亚仁恒旅行社有限公司	PRC	**100**	100	Tourism and travel services
Suzhou Gusheng Fitness Services Co., Ltd. [1] [b] 苏州固盛健身服务有限公司	PRC	**100**	–	Fitness services
Suzhou Peninsula Yanlord Real Estate Co., Ltd. [b] 苏州星岛仁恒置业有限公司	PRC	**100**	100	Property development
Suzhou Renan Real Estate Co., Ltd. [5] [b] 苏州仁安置业有限公司	PRC	**30**	30	Property development
Suzhou Renyuan Real Estate Co., Ltd. [b] 苏州仁远置业有限公司	PRC	**100**	100	Property development
Suzhou Yinghan Property Development Co., Ltd. [b] 苏州鹰汉房地产开发有限公司	PRC	**100**	100	Property development
Suzhou Zhonghui Property Development Co., Ltd. [b] 苏州中辉房地产开发有限公司	PRC	**100**	100	Property development
Yanlord Property Development (Suzhou) Co., Ltd. [b] 仁恒置业(苏州)有限公司	PRC	**100**	100	Property development and management
Yanlord Property (Suzhou) Co., Ltd. [b] 仁恒地产(苏州)有限公司	PRC	**60**	60	Property development

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Tangshan Yanlord Property Management Co., Ltd. [b] 唐山仁恒物业服务有限公司	PRC	**100**	100	Property management
Tianjin Yanlord Beiyang Real Estate Co., Ltd. [b] 天津仁恒北洋置业有限公司	PRC	**60**	60	Property development and management
Tianjin Yanlord Fitness Services Co., Ltd. [b] 天津仁恒健身服务有限公司	PRC	**100**	100	Leisure and fitness
Tianjin Yanlord Garden Co., Ltd. [6] [b] 天津艺宛园林有限公司	PRC	**100**	100	Landscaping and gardening
Tianjin Yanlord Haihe Development Co., Ltd. [b] 天津仁恒海河开发有限公司	PRC	**80**	80	Property development
Tianjin Yanlord Hehai Real Estate Co., Ltd. [7] [b] 天津仁恒和海置业有限公司	PRC	**–**	100	Property development
Tianjin Yanlord Property Management Co., Ltd. [b] 天津仁恒物业服务有限公司	PRC	**100**	100	Property management
Yanlord Development (Tianjin) Co., Ltd. [b] 仁恒发展(天津)有限公司	PRC	**100**	100	Property development
Zhuhai Renyuan Investment Co., Ltd. [b] 珠海仁远投资有限公司	PRC	**90**	90	Management service and investment
Zhuhai Renyuan Land Co.,Ltd. [b] 珠海市仁远置地有限公司	PRC	**100**	100	Property development
Zhuhai Yanlord Commercial Operation and Management Co., Ltd. [b] 珠海仁恒商业经营管理有限公司	PRC	**90**	90	Management service and investment

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2017 %	**2016** %	
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Zhuhai Yanlord Heyou Land Co., Ltd. [b] 珠海仁恒和由置地有限公司	PRC	**57**	57	Property development and management
Zhuhai Yanlord Heyuan Land Co., Ltd. [1] [b] 珠海仁恒和远置地有限公司	PRC	**57**	–	Property development
Zhuhai Yanlord Industrial Ltd. [b] 珠海仁恒实业有限公司	PRC	**95**	95	Property development
Zhuhai Yanlord Property Management Co., Ltd. [b] 珠海仁恒物业管理有限公司	PRC	**100**	100	Property management
Zhuhai Yanlord Real Estate Development Co., Ltd. [b] 珠海仁恒置业发展有限公司	PRC	**90**	90	Property development
Zhongshan Renyuan Investment Co., Ltd. [b] 中山仁远投资有限公司	PRC	**100**	100	Investment holding
Zhongshan Renyuan Real Estate Co., Ltd. [b] 中山仁远置业有限公司	PRC	**100**	100	Investment holding

(1) Incorporated during the year.

(2) Acquired during the year (Note 35).

(3) As a result of change of immediate holding company from a Group's subsidiary to a joint venture, the Group lost control and reclassified the entity from subsidiary to joint venture during the year (Note 37).

(4) The proportion of ownership interest and voting power held by the Group is 50.2%.

(5) Although the Group does not effectively own more than 50% of the equity shares of these entities, it has sufficiently dominant voting right and power to direct the relevant activities of these entities and therefore the Group has unilateral control over these entities and hence regards these entities as subsidiaries.

(6) Formerly known as Tianjin Yanlord Garden Co., Ltd.天津仁恒园林有限公司.

(7) As a result of change of articles of association, the Group lost control and reclassified the entity from subsidiary to joint venture during the year (Note 37).

Notes on auditors

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC for consolidation purposes.

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

The following schedule shows the effects of changes in the group's ownership interest in subsidiaries that did not result in change of control, on the equity attributable to owners of the parent:

	GROUP 2017 RMB'000	GROUP 2016 RMB'000
Amount paid on change of interest in subsidiaries	**1,653,360**	2,500
Non-controlling interests acquired	**(123,312)**	(2,397)
Difference recognised in statutory and other reserve	**1,530,048**	103

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests 2017 %	2016 %	Profit (Loss) attributable to non-controlling interests 2017 RMB'000	2016 RMB'000	Accumulated non-controlling interests 2017 RMB'000	2016 RMB'000
Nanjing Yanlord Real Estate Co., Ltd. 南京仁恒置业有限公司	PRC	**40**	40	**372,732** [1]	560,703	**1,274,872** [1]	902,140
Shanghai Renpin Property Development Co., Ltd. 上海仁品房地产开发有限公司	PRC	**50**	50	**1,368,936**	(8,853) [2]	**1,999,569**	1,630,633 [2]
Shanghai Yanlord Hongqiao Property Co., Ltd. 上海仁恒虹桥房地产有限公司	PRC	**40**	40	**428,639**	177,768	**2,056,171**	1,760,586
Individually immaterial subsidiaries with non-controlling interests				**233,520**	550,219	**4,641,675**	4,669,403
				2,403,827	1,279,837	**9,972,287**	8,962,762

(1) Represents comparative figures of 2016 for non wholly-owned subsidiary that has material non-controlling interest to the Group in the prior year.

(2) Represents comparative figures of 2017 for non wholly-owned subsidiary that has material non-controlling interest to the Group in the current year.

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Nanjing Yanlord Real Estate Co., Ltd. 南京仁恒置业有限公司		Shanghai Renpin Property Development Co., Ltd. 上海仁品房地产开发有限公司		Shanghai Yanlord Hongqiao Property Co., Ltd. 上海仁恒虹桥房地产有限公司	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets	**2,713**	3,901	**336**	16,336	**57,033**	43,326
Current assets	**3,784,591**	6,590,099	**10,091,172**	8,482,502	**6,657,051**	6,266,416
Non-current liabilities	**–**	–	**–**	–	**–**	–
Current liabilities	**(600,124)**	(4,338,650)	**(6,992,370)**	(5,237,572)	**(1,573,656)**	(1,908,276)
Total equity	**3,187,180**	2,255,350	**3,099,138**	3,261,266	**5,140,428**	4,401,466
Equity attributable to:						
Owners of the Company	**1,912,308**	1,353,210	**1,099,569**	1,630,633	**3,084,257**	2,640,880
Non-controlling interests	**1,274,872**	902,140	**1,999,569**	1,630,633	**2,056,171**	1,760,586
Revenue	**2,908,342**	4,303,934	**5,911,715**	–	**3,907,680**	2,274,444
Profit (Loss) for the year, representing total income (expense) for the year	**931,829**	1,401,757	**1,837,872**	(17,706)	**1,071,598**	444,419
Total comprehensive income (expense) attributable to:						
Owners of the Company	**559,097**	841,054	**468,936**	(8,853)	**642,959**	266,651
Non-controlling interests	**372,732**	560,703	**1,368,936**	(8,853)	**428,639**	177,768
Net cash (outflow) inflow from:						
– Operating activities	**(2,079,846)**	2,373,924	**5,265,051**	3,215,492	**2,394,840**	2,160,647
– Investing activities	**1,738,164**	(2,627,016)	**(2,495,181)**	(1,577,350)	**(1,530,455)**	(821,796)
– Financing activities [1]	**–**	(1,709,926)	**(2,032,215)**	(412,333)	**(426,352)**	(1,358,116)
Net cash (outflow) inflow	**(341,682)**	(1,963,018)	**737,655**	1,225,809	**438,033**	(19,265)
[1] Including dividend paid to non-controlling interests	**–**	–	**–**	–	**(163,888)**	–

11 INVESTMENTS IN ASSOCIATES

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Cost of investments in associates	**630,076**	630,076
Share of post-acquisition loss	**(22,345)**	(14,231)
Group's share of unrealised income from associates	**(22,850)**	(5,482)
	584,881	610,363
Non-trade amounts due from associates (Current assets) (Note 6)	**1,283,682**	1,176,327

Aggregate information of the Group's associates that are not individually material

The Group's share of the associates loss from continuing operations and total comprehensive income for the year are RMB8 million (2016 : RMB12 million). The Group discontinues recognising further losses when the Group's share of loss of associates exceeds its interest in the associates. The Group's share of unrecognised losses of an associate for the financial year and the accumulated losses at the end of the reporting period amounted to RMB179,000 (2016 : RMB298,000) and RMB582,000 (2016 : RMB403,000) respectively. The aggregate carrying amount of the Group's interests in associates as at December 31, 2017 and 2016 is RMB585 million and RMB610 million respectively.

12 INVESTMENTS IN JOINT VENTURES

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Cost of investments in joint ventures	**3,662,470**	1,006,592
Deemed investments in joint ventures	**315,109**	113,244
Deferred income	**138,083**	–
Share of post-acquisition profit	**426,371**	80,363
	4,542,033	1,200,199
Non-trade amounts due from joint ventures		
– Non-current assets (Note 6)	**2,696,774**	1,202,561
– Current assets (Note 6)	**2,849,514**	207,750
Current non-trade amount due to a joint venture (Note 6)	**–**	365

Amounts due from and to joint ventures are interest-free, unsecured and repayable on demand except for the following:

a) Amount of RMB217 million (2016 : RMB217 million) which bears interest at 6.25% per annum (2016 : 6.25% per annum), is unsecured and repayable within 4 years from the end of the reporting period (2016 : within 5 years from the end of the reporting period).

b) As at December 31, 2016, amount of RMB197 million which bore interest at 9.0% per annum, was unsecured and repayable within 1 year from the end of the reporting period. The amount has been fully collected during the current year.

12 INVESTMENTS IN JOINT VENTURES (Cont'd)

c) Amount of RMB736 million (2016 : RMB736 million) which bears interest at 9.0% per annum (2016 : 9.0% per annum), is unsecured and repayable within 2 years from the end of the reporting period (2016 : within 3 years from the end of the reporting period).

d) Amount of RMB350 million (2016 : RMB200 million) which bears interest at 9.0% per annum (2016 : 9.0% per annum), is unsecured and repayable within 1 year from the end of the reporting period (2016 : within 2 years from the end of the reporting period).

e) Amount of RMB1.038 billion (2016 : RMB Nil) which bears interest at 8.0% per annum (2016 : Nil%), is unsecured and repayable within 3 years from the end of the reporting period.

f) Amount of RMB486 million (2016 : RMB Nil) which bears interest at 8.0% per annum (2016 : Nil%), is unsecured and repayable within 2 years from the end of the reporting period.

g) Amount of RMB1.017 billion (2016 : RMB Nil) which bears interest at 4.35% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

h) Amount of RMB20 million (2016 : RMB Nil) which bears interest at 8.0% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

i) Amount of RMB554 million (2016 : RMB Nil) which bears interest at 4.35% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

j) Amount of RMB313 million (2016 : RMB Nil) which bears interest at 4.35% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

k) Amount of RMB150 million (2016 : RMB Nil) which bears interest at 9.0% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

l) Amount of RMB18 million (2016 : RMB Nil) which bears interest at 4.35% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

Aggregate information of the Group's joint ventures that are not individually material

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Group's share of profit from continuing operations, representing its share of total comprehensive income for the year	**346,008**	7,099
Aggregate carrying amount of the Group's interests in these joint ventures	**4,542,033**	1,200,199

13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Amounts due from non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for the following:

a) Amounts of RMB17 million and RMB34 million (2016 : RMB60 million and RMB33 million) which bear interest at 5.0% and 4.35% per annum (2016 : 5.0% and 4.35% per annum) respectively and are secured by the non-controlling shareholder's shares in a subsidiary and undistributed retained earnings of a subsidiary yet to be distributed as dividends to the non-controlling shareholder of that subsidiary. The amount is repayable on demand in 2017 and 2016.

b) As at December 31, 2016, amount of RMB253 million which bore interest at 10.625% per annum was secured by expected future earnings that would be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable on demand. The amount has been fully waived during the current year.

c) Amount of RMB200 million (2016 : RMB200 million) which bears interest at the People's Bank of China's benchmark rate (2016 : at the People's Bank of China's benchmark rate upon repayment), unsecured and repayable within 3 years from the end of the reporting period (2016 : within 4 years from the end of the reporting period).

d) As at December 31, 2016, amount of RMB150 million which bore interest at 7.0% per annum, was unsecured and repayable within 1 year from the end of the reporting period. The amount has been fully collected during the current year.

e) Amount of RMB250 million (2016 : RMB Nil) which bears interest at 1.5% per annum (2016 : Nil%), is unsecured and repayable within 1 year from the end of the reporting period.

f) Amount of RMB803 million (2016 : RMB803 million) which bears interest at the People's Bank of China's benchmark rate (2016 : at the People's Bank of China's benchmark rate), is secured by the non-controlling shareholder's share in a subsidiary, guarantee provided by a related party of the non-controlling shareholder of that subsidiary and the land use right owned by the related party of the non-controlling shareholder of that subsidiary and repayable within 1 year from the end of the reporting period.

Amounts due to non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for the following:

g) Amounts of RMB693 million and RMB519 million (2016 : RMB337 million and RMB Nil) which bear interest at 7.0% per annum (2016 : 10% per annum and Nil%), are unsecured and repayable within 2 years from the end of the reporting period (2016 : within 3 years and nil from the end of the reporting period).

h) Amounts of RMB32 million and RMB21 million (2016 : RMB Nil and RMB Nil) are interest-free, unsecured and repayable within 4 years from the end of the reporting period.

14 OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Advances to suppliers	**37,373**	86,901	**–**	–
Deposits for projects	**3,353,260**	3,871,844	**–**	–
Staff loans	**12,850**	11,708	**–**	–
Prepayments	**6,991**	5,998	**3**	4
Value added tax ("VAT") prepayment	**403,098**	246,183	**–**	–
Sales-related tax prepayment	**95,042**	559,444	**–**	–
Interest receivables	**30,526**	6,466	**–**	–
Payments for resettlement [(1)]	**600,319**	600,319	**–**	–
Loan receivables	**1,540,441**	200,001	**–**	–
Other receivables	**245,924**	188,224	**1**	–
	6,325,824	5,777,088	**4**	4
Analysed as:				
Current	**3,923,692**	4,903,935	**4**	4
Non-current	**2,402,132**	873,153	**–**	–
	6,325,824	5,777,088	**4**	4

(1) This relates to payments for resettlement of land parcel in Chengdu.

The management considers the credit risk on other receivables and deposits to be limited because the counterparties are government agents or third parties with long business relationships with the Group.

15 INTANGIBLE ASSET

	GROUP	
	2017 RMB'000	2016 RMB'000
Club membership	**812**	613

At December 31, 2017 and 2016, the management assessed the marketable value of the club membership and determined that it was in excess of its carrying amount.

16 DEFERRED TAXATION

	GROUP	
	2017 RMB'000	2016 RMB'000
Deferred tax assets	**445,184**	444,061
Deferred tax liabilities	**(2,607,761)**	(2,243,610)
	(2,162,577)	(1,799,549)

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

	Revaluation of investment properties RMB'000	Accelerated tax depreciation and excess of tax deductible expenses RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Unpaid development costs and others RMB'000	Total RMB'000
Group						
At January 1, 2016	(1,790,788)	84,564	(168,249)	313,573	103,307	(1,457,593)
(Charge) Credit to profit or loss for the year (Note 30)	(134,861)	8,839	(227,457)	(54,765)	(1,910)	(410,154)
Transfer to (from) income tax payable	–	–	77,745	(6,374)	–	71,371
Change of control from subsidiaries to associates	–	(190)	–	(4,416)	–	(4,606)
Exchange difference	–	–	–	1,433	–	1,433
At December 31, 2016	(1,925,649)	93,213	(317,961)	249,451	101,397	(1,799,549)
(Charge) Credit to profit or loss for the year (Note 30)	(85,189)	(10,745)	(320,691)	(81,577)	31,168	(467,034)
Transfer to (from) income tax payable	–	71,905	41,729	–	(8,215)	105,419
Exchange difference	–	–	–	(1,413)	–	(1,413)
At December 31, 2017	(2,010,838)	154,373	(596,923)	166,461	124,350	(2,162,577)

Pursuant to PRC and Hong Kong tax regulations, at the end of the reporting period, the Group has unutilised tax losses of RMB1.072 billion (2016 : RMB1.249 billion) available for offset against future profits. A deferred tax asset of RMB166 million (2016 : RMB249 million) has been recognised in respect of RMB707 million (2016 : RMB1.042 billion) of such losses at the tax rates range from 10% to 25%. No deferred tax asset has been recognised in respect of the remaining RMB365 million (2016 : RMB207 million) due to the unpredictability of future profit streams. Tax losses may be carried forward for 5 years from the year after the losses are incurred, subject to the conditions imposed by law including the retention of majority shareholders as defined.

17 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Pledged bank deposits	**40,029**	520,680	**–**	–
Cash on hand	**1,461**	2,030	**7**	17
Cash at bank	**16,695,749**	17,002,320	**2,643**	21,885
Fixed deposits	**1,101,103**	579,033	**–**	–
Cash and cash equivalents	**17,798,313**	17,583,383	**2,650**	21,902

Pledged bank deposits represent deposits pledged to banks to secure certain mortgage loans provided by banks to customers for the purchase of the Group's development properties.

18 PUT LIABILITY TO ACQUIRE NON-CONTROLLING INTERESTS

This represents the fair value of the put liability to acquire non-controlling interests as part of the share purchase agreement of a subsidiary. As the earliest dates for the non-controlling shareholders to exercise the non-cancellable rights to put back their shares to the Group are expected be more than one year (2016 : two years), the obligation is recorded herewith as "non-current liabilities" as at December 31, 2017 and 2016.

19 SHARE CAPITAL

	GROUP AND COMPANY			
	2017 '000	2016 '000	2017 RMB'000	2016 RMB'000
	Number of ordinary shares			
Issued and paid up:				
At beginning and end of year	**1,948,736**	1,948,736	**7,261,726**	7,261,726

Fully paid up ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

20 TREASURY SHARES

	GROUP AND COMPANY			
	2017	2016	2017	2016
	'000	'000	RMB'000	RMB'000
	Number of ordinary shares			
At January 1	**7,151**	–	**47,006**	–
Repurchased during the year	**10,050**	7,151	**85,303**	47,006
At December 31	**17,201**	7,151	**132,309**	47,006

The Company acquired 10,050,500 (2016 : 7,150,600) of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was RMB85 million (2016 : RMB47 million) and has been deducted from shareholders' equity. The shares are held as "treasury shares".

21 DERIVATIVE FINANCIAL INSTRUMENTS

In 2016, the Group used cross currency swaps to hedge the foreign currency risks arising from the interest and principal payments of its RMB denominated senior notes. Contracts with nominal values of RMB2 billion had fixed interest payments denominated in US dollars at 4.325% per annum and fixed interest receipts denominated in RMB at 5.375% per annum.

All of the Group's cross currency swaps were designated and effective as cash flow hedges and the fair value gain of these cross currency swaps, amounting to RMB145 million had been recognised in other comprehensive income. Amount of RMB109 million had been reclassified from equity to profit or loss during the financial year ended December 31, 2016.

The cross currency swaps were settled on a semi-annual basis and matured on May 23, 2016. All cross currency swap contracts exchanging RMB denominated interest and principal payments for US dollar denominated interest and principal payments were designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from the fluctuation of RMB against US dollar over the tenure of the senior notes. The cross currency swaps and the interest and principal payments on the senior notes occurred simultaneously and the amount recognised in other comprehensive income was reclassified from equity to profit or loss over the tenure of the senior notes.

22 HEDGING RESERVE

The hedging reserve represented hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves was reclassified to profit or loss when the hedged transaction impacts the profit or loss.

Movement in hedging reserve:

	GROUP	
	2017 RMB'000	2016 RMB'000
At January 1	–	(36,361)
Change in fair value of cross currency swaps	–	145,236
Reclassification to profit or loss	–	(108,875)
At December 31	–	–

In 2016, the full amount of hedging reserves was reclassified to profit or loss upon maturity of the cash flow hedge.

23 BANK AND OTHER BORROWINGS

	GROUP		COMPANY	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
The bank and other borrowings are repayable as follows:				
On demand or within one year	**2,557,063**	8,311,176	**79,201**	495,221
More than one year but not exceeding two years	**6,525,841**	3,252,987	**639,509**	282,545
More than two years but not exceeding five years	**14,082,514**	7,871,992	**–**	639,709
More than five years	**7,056,000**	1,313,500	**–**	–
	30,221,418	20,749,655	**718,710**	1,417,475
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,557,063)**	(8,311,176)	**(79,201)**	(495,221)
Amount due for settlement after 12 months	**27,664,355**	12,438,479	**639,509**	922,254
Secured:				
– Current	**1,958,600**	3,612,220	**–**	416,220
– Non-current	**11,746,336**	7,466,436	**–**	–
	13,704,936	11,078,656	**–**	416,220
Unsecured:				
– Current	**598,463**	4,698,956	**79,201**	79,001
– Non-current	**15,918,019**	4,972,043	**639,509**	922,254
	16,516,482	9,670,999	**718,710**	1,001,255
	30,221,418	20,749,655	**718,710**	1,417,475

23 BANK AND OTHER BORROWINGS (Cont'd)

The following assets are pledged for the above secured bank and other borrowings and undrawn loan facilities:

	GROUP	
	2017 RMB'000	2016 RMB'000
Properties for development	**11,795,630**	1,211,774
Properties under development for sale	**7,087,353**	16,163,346
Investment properties	**7,250,000**	7,398,000
Construction-in-progress	**2,225,105**	1,505,654
Bank deposits	**–**	482,000

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					
	January 1, 2017 RMB'000	Financing cash flow RMB'000	Acquisition of a subsidiary RMB'000	Change of control from subsidiaries to joint ventures RMB'000	Deferred finance charge RMB'000	Foreign exchange movement RMB'000	Other changes RMB'000	December 31, 2017 RMB'000
Bank and other borrowings	20,749,655	16,183,949 [(1)]	–	(6,568,300)	68,033	(211,919)	–	30,221,418
Senior notes	1,916,309	1,110,426 [(2)]	–	–	–	(164,512)	49,381	2,911,604
Non-trade amount due to ultimate holding company	672,486	(672,418) [(3)]	–	–	–	488	(556)	–
Non-trade amounts due to non-controlling shareholders of subsidiaries	634,474	863,091 [(4)]	78,400	249,000	–	–	129,233	1,954,198
Total	23,972,924	17,485,048	78,400	(6,319,300)	68,033	(375,943)	178,058	35,087,220

(1) The cash flows make up the net amount of proceeds from bank and other borrowings and repayment of bank and other borrowings in the consolidated statement of cash flows.

(2) The cash flows make up the net amount of net proceeds on issue of senior notes and repurchase and redemption of senior notes in the consolidated statement of cash flows.

(3) The cash flows make up the net amount of advance from ultimate holding company and repayment to ultimate holding company in the consolidated statement of cash flows.

(4) The cash flows make up the net amount of dividends paid to non-controlling shareholders of subsidiaries, advance from non-controlling shareholders of subsidiaries and repayment to non-controlling shareholders of subsidiaries in the consolidated statement of cash flows.

24 SENIOR NOTES

The senior notes comprise notes issued in 2011, 2013, 2014 and 2017.

(a) The senior notes issued on March 29, 2011 ("Notes 2018") with an original maturity date on March 29, 2018, bore interest at 10.625% per annum with interest payable on March 29 and September 29 of each year, commencing on September 29, 2011. The senior notes were denominated in US dollars. In 2016, the Company fully redeemed the Notes 2018 in accordance with the terms set out in the Indenture dated March 29, 2011.

(b) The senior notes issued on May 23, 2013 ("Notes 2016") matured on May 23, 2016. The senior notes bore interest at 5.375% per annum with interest payable on May 23 and November 23 of each year, commencing on November 23, 2013. The senior notes were denominated in RMB. In 2015, the Company repurchased certain amounts of Notes 2016 and the remaining outstanding balance was fully redeemed in 2016 in accordance with the terms set out in the Indenture dated May 23, 2013.

(c) The senior notes issued on May 8, 2014 ("Notes 2017") matured on May 8, 2017. The senior notes bore interest at 6.2% per annum with interest payable on May 8 and November 8 of each year, commencing on November 8, 2014. The senior notes were denominated in SG dollars. During the year, the Company fully redeemed the Notes 2017 in accordance with the terms set out in the Indenture dated May 8, 2014.

(d) The senior notes issued on January 23, 2017 ("Notes 2022") will mature on January 23, 2022. The senior notes bears interest at 5.875% per annum with interest payable on January 23 and July 23 of each year, commencing on July 23, 2017. The senior notes are denominated in US dollars.

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Nominal value of senior notes issued	**4,893,630**	6,387,511	**1,953,240**	4,387,511
Transaction costs [1]	**(59,517)**	(101,169)	**(25,016)**	(71,033)
At date of issue [2]	**4,834,113**	6,286,342	**1,928,224**	4,316,478
Cumulative interest accrued	**556,554**	2,184,536	**388,651**	1,832,223
Cumulative interest paid	**(450,006)**	(2,001,064)	**(363,635)**	(1,678,270)
Repurchase and redemption	**(1,953,240)**	(4,660,221)	**(1,953,240)**	(2,660,838)
Exchange difference	**–**	124,326	**–**	124,326
Total	**2,987,421**	1,933,919	**–**	1,933,919
Interest payable within one year included in other payables (Note 26)	**(75,817)**	(17,610)	**–**	(17,610)
Liability at end of year	**2,911,604**	1,916,309	**–**	1,916,309
Analysed as :				
Current	**–**	1,916,309	**–**	1,916,309
Non-current	**2,911,604**	–	**–**	–
	2,911,604	1,916,309	**–**	1,916,309

(1) Transaction costs included non-audit fees of RMB3 million (2016 : RMB5 million) paid to the auditors of the Company in connection with the issuance of senior notes by the Group (Note 31).

(2) Changes in amount at date of issue relative to the preceding year's amount include the effect of translation to the presentation currency and have been included in the currency translation reserve.

24 SENIOR NOTES (Cont'd)

The cumulative interests accrued on Notes 2018, Notes 2016, Notes 2017 and Notes 2022 are calculated by applying effective interest rates of Nil% (2016 : 11.3%), Nil% (2016 : 6.0%), 6.8% (2016 : 6.8%) and 6.2% (2016 : Nil%) per annum respectively.

The management estimates the fair value of Notes 2022 at December 31, 2017 to be approximately RMB3.027 billion (2016 : RMB Nil). This fair value is based on the price obtained from a bank's publication.

In 2014, six of its subsidiaries had provided a joint guarantee in respect of Notes 2017 issued by the Company amounting to RMB1.856 billion (equivalent to S$400 million) for a term of three years up to May 8, 2017. The joint guarantee approximated RMB1.920 billion as at the end of 2016. Additionally, shares in six of its subsidiaries were charged in favour of the global security agent and trustee of Notes 2017 as at December 31, 2016.

In 2017, the Company and five of its subsidiaries has provided a joint guarantee in respect of Notes 2022 issued by a wholly-owned subsidiary of the Company amounting to RMB2.940 billion (equivalent to US$450 million) for a term of five years up to January 22, 2022. The joint guarantee approximates RMB2.940 billion as at the end of 2017. Additionally, shares in five of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2022.

25 TRADE PAYABLES

	GROUP	
	2017 RMB'000	2016 RMB'000
Non-controlling shareholder of a subsidiary	**182,857**	909,328
Outside parties	**7,124,387**	7,017,666
	7,307,244	7,926,994

The average credit period for trade payables is 159 days (2016 : 174 days).

26 OTHER PAYABLES

	GROUP		COMPANY	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Advances received from customers	**21,091,084**	23,449,697	**–**	–
Accrued expenses	**65,014**	64,256	**3,457**	3,380
VAT payable	**102,521**	54,587	**–**	–
Sales-related tax payable	**23,559**	15,812	**–**	–
Interest payable on senior notes	**75,817**	17,610	**–**	17,610
Other interest payable	**30,569**	28,407	**–**	747
Other payables	**663,100**	458,579	**210**	–
	22,051,664	24,088,948	**3,667**	21,737

27 REVENUE

	GROUP	
	2017 RMB'000	2016 RMB'000
Income from property development	**24,759,095**	24,893,558
Income from property investment	**358,424**	363,396
Income from others	**520,888**	407,454
Total	**25,638,407**	25,664,408

28 OTHER OPERATING INCOME

	GROUP	
	2017 RMB'000	2016 RMB'000
Fair value gain on investment properties (Note 8)	**148,321**	366,090
Fair value gain on held-for-trading investment	**–**	5,967
Fair value gain from put liability to acquire non-controlling interests	**87,554**	–
Interest income	**359,168**	268,270
Net gain on disposal of property, plant and equipment	**192**	7,135
Net gain on disposal of investment properties	**5,002**	7,251
Net foreign exchange gain	**–**	129,348
Government subsidies	**10,216**	13,687
Others	**10,147**	14,533
Total	**620,600**	812,281

29 FINANCE COST

	GROUP	
	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings	**1,436,609**	886,602
Interest on senior notes	**218,735**	383,961
Interest to ultimate holding company (Note 5)	**1,025**	560
Interest to non-controlling shareholders of subsidiaries	**93,903**	208,290
Total borrowing costs	**1,750,272**	1,479,413
Less: Interest capitalised in		
– properties for development	**(401,239)**	(54,267)
– properties under development for sale	**(827,471)**	(1,053,869)
– properties for development and properties under development for sale in joint venture	**(36,872)**	(23,458)
Net	**484,690**	347,819

30 INCOME TAX

	GROUP	
	2017 RMB'000	2016 RMB'000
Current	**2,268,228**	1,677,822
Deferred income tax (Note 16)	**146,343**	182,697
Deferred withholding tax (Note 16)	**320,691**	227,457
Land appreciation tax ("LAT")	**2,987,630**	1,404,605
Under provision in prior years	**19,065**	2,375
Total	**5,741,957**	3,494,956

No provision for Singapore taxation has been made as the majority of the Group's income neither arises in, nor is derived from Singapore.

In 2017 and 2016, most of the taxation arising in the PRC is calculated at the prevailing rate of 25%.

The income tax expense varied from the amount of income tax expense determined by applying the above income tax rate to profit before income tax as a result of the following differences:

	GROUP	
	2017 RMB'000	2016 RMB'000
Profit before income tax	**11,362,224**	7,472,154
Income tax expense at PRC applicable tax rate of 25%*	**2,840,556**	1,868,039
Non-deductible items	**307,746**	408,916
Non-taxable items	**(79,416)**	(26,502)
Effect of unutilised tax losses not recognised as deferred tax assets	**67,877**	9,415
Effect of different tax rates for certain subsidiaries	**4,649**	8,663
LAT	**2,987,630**	1,404,605
Effect of tax deduction on LAT	**(746,907)**	(351,151)
Withholding tax incurred	**320,691**	227,457
Under provision in prior years	**19,065**	2,375
Others	**20,066**	(56,861)
Total income tax expense	**5,741,957**	3,494,956

* These are the applicable tax rates for most of the Group's taxable profits.

30 INCOME TAX (Cont'd)

Income tax for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdiction.

According to a PRC tax circular of State Administration of Taxation, Guoshuihan (2008) No.112, dividend distributed out of the profits generated since January 1, 2008 held by the PRC entity to non-resident investors shall be subject to PRC withholding income tax. Deferred tax liability of RMB321 million (2016 : RMB227 million) on the undistributed earnings of the PRC subsidiaries has been charged to the consolidated statement of profit or loss of the year.

<u>LAT</u>

As disclosed in the prior years' audited consolidated financial statements, provision for the LAT with respect to properties sold in Shanghai Pudong New District prior to October 1, 2006 were not made as the directors of the Company, after taking into account legal advice received and consultation with the local Shanghai Pudong Tax Bureau, were of the opinion that the relevant tax authority is not likely to impose any LAT on a retrospective basis.

As at December 31, 2014, the tax settlement process for a completed project and a phase of a project with properties sold in Shanghai Pudong New District prior to October 1, 2006 had been completed, with additional LAT payments made by the Group. For the projects with properties sold in Shanghai Pudong New District subsequent to October 1, 2006, the tax settlement amount determined by the tax authorities for a phase of a project which has commenced the tax settlement process was lower than what the Group has previously provided for based on the tax laws. Management has assessed and considers that the provision for LAT made by the Group relating to the above projects for which the tax settlement process had commenced or completed was adequate to meet the tax settlement amount determined by the tax authorities.

Management is of the view that it is not probable that the tax authority will impose further LAT tax payments on the above projects located in Shanghai Pudong New District in excess of the provision previously made by the Group. The additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB597 million (2016 : RMB597 million) (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests) as at December 31, 2017. The amount has been disclosed as part of the Group's contingent liabilities in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Note 40).

The actual Group's LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects.

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2017 RMB'000	2016 RMB'000
Allowance for doubtful debts and bad debts written off	**43**	–
Depreciation of property, plant and equipment	**33,207**	32,085
Employee benefits expense (including directors' remuneration):		
Retirement benefit scheme contributions	**82,950**	72,024
Salaries and other short-term benefits	**786,411**	712,093
Total employee benefits expense	**869,361**	784,117
Directors' fees	**1,792**	1,916
Directors' remuneration:		
– of the Company	**49,581**	41,766
– of the subsidiaries	**7,716**	8,423
	57,297	50,189
Fair value gain on investment properties (Note 8)	**(148,321)**	(366,090)
Fair value gain on held-for-trading investment	**–**	(5,967)
Fair value gain from put liability to acquire non-controlling interests	**(87,554)**	–
Net gain on disposal of property, plant and equipment	**(192)**	(7,135)
Net gain on disposal of investment properties	**(5,002)**	(7,251)
Net loss on disposal of held-for-trading investment	**–**	937
Net foreign exchange loss (gain)	**177,180**	(129,348)
Cost of completed properties for sale recognised as expenses	**13,074,418**	17,194,371
Audit fees:		
– paid to auditors of the Company	**4,273**	4,069
– paid to other auditors	**2,333**	2,193
Total audit fees	**6,606**	6,262
Non-audit fees:		
– paid to auditors of the Company [1]	**426**	525
– paid to other auditors	**446**	167
Total non-audit fees	**872**	692
Aggregate amount of fees paid to auditors	**7,478**	6,954

[1] In 2017, total non-audit fees paid to auditors of the Company in connection with the issuance of senior notes by the Group have been capitalised in the carrying amount of the senior notes (Note 24).

32 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	GROUP	
	2017 RMB'000	2016 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**3,216,440**	2,697,361

	GROUP	
	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,936,226**	1,946,656

	GROUP	
	2017	2016
Earnings per share (Renminbi cents):		
Basic and diluted	**166.12**	138.56

There is no potential dilutive ordinary share in 2017 and 2016.

33 DIVIDENDS

In 2017, approximately RMB416 million of dividends was paid in respect of a first and final one-tier tax exempt dividend of 21.47 Renminbi cents (equivalent to 4.35 Singapore cents) per ordinary share declared for the financial year ended December 31, 2016.

In 2016, approximately RMB142 million of dividends was paid in respect of a first and final one-tier tax exempt dividend of 7.28 Renminbi cents (equivalent to 1.52 Singapore cents) per ordinary share declared for the financial year ended December 31, 2015.

In respect of the current year, the directors proposed a first and final one-tier tax exempt dividend of 33.31 Renminbi cents (equivalent to 6.80 Singapore cents) per ordinary share amounting to approximately RMB643 million. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

34 SEGMENT INFORMATION

The Group's reportable operating segments are as follows:

(i) Property development: Development of residential, commercial and other properties.

(ii) Property investment: Leasing of properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.

(iii) Others: Provision of property management, ancillary services, advance purchase of construction materials and others.

Information regarding the operations of each reportable segments are included below. The management monitors the operating results of each operating segment for the purpose of making decisions on resource allocation and performance assessment.

The Group's operations are located in the PRC, hence no analysis by geographical area of operations is provided.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	GROUP			
	Revenue		Profit (loss) before income tax	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Property development	**24,759,095**	24,893,558	**11,627,907**	7,290,139
Property investment	**358,424**	363,396	**225,608**	451,846
Others	**520,888**	407,454	**(491,291)**	(269,831)
Total	**25,638,407**	25,664,408	**11,362,224**	7,472,154

Segment profit represents the profit earned by each segment as determined using the Group's accounting policy. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

34 SEGMENT INFORMATION (Cont'd)

Segment assets

	GROUP 2017 RMB'000	GROUP 2016 RMB'000
Property development	**77,543,598**	69,570,606
Property investment	**16,489,833**	14,928,045
Others	**12,167,927**	8,949,761
Total assets	**106,201,358**	93,448,412

All assets are allocated to reportable segments. Liabilities are not allocated as they are not monitored by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other segment information

	GROUP			
	Depreciation		Additions to non-current assets	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Property development	**19,137**	18,009	**12,198,623**	1,259,279
Property investment	**7,426**	8,500	**741,807**	1,931,905
Others	**8,588**	7,766	**8,333**	5,022
Total	**35,151**	34,275	**12,948,763**	3,196,206

35 ACQUISITION OF SUBSIDIARIES

In 2017 and 2016, there were acquisition of subsidiaries as follows:

Acquisition of Assets

(a) On January 28, 2016, the Group acquired 100% of the issued share capital of Shenzhen Huarong Innovation Investments Co., Ltd. for a cash consideration of RMB300 million.

(b) On May 20, 2016, the Group acquired 51% of the issued share capital of Nanjing Daji Real Estate Development Co., Ltd. ("NJ DR") by way of capital injection of RMB156 million.

(i) NJ DR owns 3 land parcels in PRC ("Parcel 1 and 2", and "Parcel 3"). Pursuant to the shareholders' agreement, the non-controlling shareholder has control over specified asset of NJ DR, which includes the operation of Parcel 1 and 2, thereby rights to assets and obligations to liabilities of Parcel 1 and 2 (referred to as "Portion A" thereafter) despite the legal form of NJ DR as a single entity. The Group only has control over Portion B of NJ DR, which is the developer of Parcel 3. Therefore, the Group treats Portion B of NJ DR as a deemed separate entity under FRS 110 *Consolidated Financial Statement*, and only Portion B is consolidated.

35 ACQUISITION OF SUBSIDIARIES (Cont'd)

Acquisition of Assets (Cont'd)

(ii) Although under the PRC law, Portion B will still be required to bear the liabilities incurred by Portion A should the assets of Portion A are insufficient to repay its liabilities, the non-controlling shareholder is required to repay Portion B for the liability as agreed under the cooperation agreement. In the event of default of the non-controlling shareholder, management has assessed that the non-controlling interest's share in Portion B and guaranteed dividend of RMB1.100 billion (see (iii) below) is sufficient to serve as collateral.

(iii) The non-controlling shareholder is entitled to a guaranteed dividend of RMB1.100 billion upon completion of development. In the event of shortfall of available dividend, the Group shall compensate for the difference. Therefore, this represents a contingent consideration which is contingent on the performance of the project company. Based on management's budget as at acquisition date and as at year end, the non-controlling shareholder's share of NJ DR's budgeted profit is expected to be more than the guaranteed dividend amount. Accordingly, the fair value of the contingent consideration is estimated to be RMB Nil as at acquisition date and as at the end of the reporting period.

(c) On June 23, 2016, the Group acquired 30% of the issued share capital of Suzhou Renan Real Estate Co., Ltd. ("SZ RA") by way of capital injection of RMB30 million and assignment of shareholder's loan due from SZ RA to the non-controlling shareholder of RMB593 million.

(d) On August 30, 2016, the Group acquired 75% of the issued share capital of Shenzhen Hengming Commercial Co., Ltd. ("SC HC"), for a cash consideration of RMB7.5 million and shareholder loan assumed of RMB2.242 billion.

On December 30, 2016, the Group acquired the remaining 25% issued share capital of SC HC for a cash consideration of RMB2.5 million and shareholder loan assumed of RMB1.122 billion, which has been accounted for as a change in Group's ownership interest in a subsidiary that does not result in change of control (Note 10).

(e) On May 17, 2017, the Group acquired 100% equity interest in Greens Investments Ltd. ("BV GI") for a cash consideration of RMB600 million. BV GI holds interests in a joint venture. The joint venture has ownership over a golf course and an amusement park, which are both situated in Zhuhai and are operational at the date of acquisition. The joint venture also holds 90% shareholding interest in a property management company.

(f) On July 18, 2017, the Group acquired 60% of the issued share capital of Hainan Yanlord Beautycrown Cultural Tourism Development Co., Ltd. ("SY BC") for a cash consideration of RMB60 million.

(g) On October 20, 2017, the Group acquired 80% of the issued share capital of Chongzhou Yanlord Land Co., Ltd. ("CD CZ") for a consideration of RMB321 million, which comprise of cash consideration of RMB107 million payable to the original shareholders and assignment of loan due from CD CZ to the original shareholders and other third parties of RMB214 million.

(h) On December 8, 2017, the Group acquired 65% of the issued share capital of Shenzhen Dongguan Shengtai Investment Co., Ltd. ("SC DG") for a cash consideration of RMB95 million and concession of profits of RMB293 million.

35 ACQUISITION OF SUBSIDIARIES (Cont'd)

Acquisition of Assets (Cont'd)

The Group's intention was to acquire the land and vacated properties held by the above mentioned companies and the Group did not take over any management or operational process from the vendors as it intends to develop and sell the properties. The acquisitions were accounted for as acquisition of assets and were out of scope of FRS 103 *Business Combinations*.

Acquisition of Business

On August 8, 2016, the Group acquired 100% equity interest in Zhongshan Renyuan Investment Co., Ltd. ("ZS RI") for a consideration of RMB64 million. ZS RI has a wholly-owned subsidiary, Zhongshan Renyuan Real Estate Co., Ltd. ("ZS RR"), which in turn holds interests in three joint ventures. The joint ventures are investment holding and property development companies involved in the primary redevelopment of land parcels in Zhongshan city, PRC. This acquisition was accounted for by the acquisition method of accounting.

i. Goodwill arising on acquisition

The fair value of identifiable net assets acquired is RMB64 million. Accordingly, no goodwill has been recognised on acquisition.

ii. Impact of acquisition on the result of the Group

Had the business combination during the year been effected at January 1, 2016, management estimated that there would be no significant changes to the Group's revenue and profit for 2016.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Property, plant and equipment (Note 7)	**50**	14
Properties for development	**1,022,744**	7,398,101
Investments in joint ventures	**600,000**	63,000
Other receivables	**97,052**	3,991
Cash and cash equivalents	**52,997**	334,833
Bank and other borrowings	**(258,596)**	(2,600,000)
Non-trade amounts due to non-controlling shareholders of subsidiaries	**(78,400)**	(2,329,493)
Trade payables	**(57)**	–
Other payables	**(5,000)**	(2,240,319)
Net assets at date of acquisition	**1,430,790**	630,127
Non-controlling interests	**(275,696)**	(72,504)
Net assets acquired	**1,155,094**	557,623
Shareholders' loans assumed	**214,490**	2,835,506
Total consideration	**1,369,584**	3,393,129
Consideration payable	**(674,584)**	(3,383)
Cash consideration paid in previous year	**(60,000)**	(1,555,000)
Cash acquired	**(52,997)**	(334,833)
Net cash outflow arising on acquisition	**582,003**	1,499,913

36 CHANGE OF CONTROL FROM SUBSIDIARIES TO ASSOCIATES

On August 30, 2016, a supplementary shareholders' agreement was signed between the Group and the joint venture partners, and the Group lost control and power over Sino-Singapore Yanlord (Haimen) Yangtze Eco Hi-Tech City Co., Ltd. ("SSYHYE") and its wholly-owned subsidiary, Sino-Singapore Yanlord Haimen Yangtze Eco Hi-Tech City Investment and Development Co., Ltd. (collectively, the "Haimen Companies"), as a result of changes in the article of association of SSYHYE with effect from September 30, 2016. Accordingly, the Haimen Companies ceased to be subsidiaries of the Group and are classified as associates. The Group's effective interest in the Haimen Companies remained unchanged at 55%. Consequently, the Haimen Companies were deconsolidated and were equity accounted for in the consolidated financial statement.

Details of the change of control were as follow:

	Group RMB'000
Property, plant and equipment (Note 7)	2,011
Deferred tax asset	4,606
Properties under development for sale	147,353
Other receivables and deposits	1,735
Cash and cash equivalents	146,984
Trade and other payables	(62,277)
Net assets at date of change of control	240,412
Non-controlling interests	(108,185)
Net assets derecognised	132,227
Gain (Loss) on change of control	
Consideration received	–
Net asset derecognised	(132,227)
Fair value of retained interest	132,227
	–
Net cash outflow arising from change of control	
Consideration received	–
Cash and cash equivalents derecognised	(146,984)
	(146,984)

37 CHANGE OF CONTROL FROM SUBSIDIARIES TO JOINT VENTURES

The Group lost control and power over Tianjin Yanlord Hehai Real Estate Co., Ltd. ("Tianjin Hehai"), as a result of changes in the article of association of Tianjin Hehai with effect from December 4, 2017. Accordingly, Tianjin Hehai ceased to be a subsidiary of the Group and is classified as a joint venture. The Group's effective interest in the Tianjin Hehai is 60%. Consequently, Tianjin Hehai was deconsolidated and is equity accounted for in the consolidated financial statement.

On August 28, 2017, the Group entered into cooperation agreement with the joint venture partners, and the Group lost control and power over Yanlord Eco Island Investments Pte. Ltd. ("YEII") and its wholly-owned subsidiary, Nanjing Yanlord Jiangdao Real Estate Co., Ltd. (collectively, the "Sino-Singapore Companies"), as a result of the disposal of interest with effect from August 28, 2017. Accordingly, the Sino-Singapore Companies ceased to be subsidiaries of the Group and are classified as joint ventures. The Group's effective interest in the Sino-Singapore Companies reduced to 51%. Consequently, the Sino-Singapore Companies were deconsolidated and are equity accounted for in the consolidated financial statement.

The following summarises the details of the change of control:

	Group RMB'000
Property, plant and equipment (Note 7)	196
Properties for development	8,419,775
Properties under development for sale	2,292,349
Other receivables and deposits	432,140
Cash and cash equivalents	85,879
Bank and other borrowings	(6,319,300)
Trade and other payables	(66,932)
Amounts due to immediate holding company and fellow subsidiaries	(4,562,462)
Amount due to non-controlling shareholder of a subsidiary	(249,000)
Net assets at date of change of control	32,645
Non-controlling interests	(9,517)
Net assets derecognised	23,128
Gain (Loss) on change of control	
Consideration received	–
Net asset derecognised	(23,128)
Fair value of retained interest	23,128
	–
Net cash outflow arising from change of control	
Consideration received	–
Cash and cash equivalents derecognised	(85,879)
	(85,879)

38 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	GROUP	
	2017 RMB'000	2016 RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	**19,442**	16,456

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2017 RMB'000	2016 RMB'000
Within one year	**18,565**	16,318
In the second to fifth year inclusive	**37,628**	9,613
More than five years	**14,218**	15,708
	70,411	41,639

Operating lease payments substantially represent rental payables by the Group in respect of land and buildings for its office premises and staff accommodation. Leases are negotiated for an average term of less than 2 years (2016 : less than 3 years).

The Group as lessor

The Group rents out its investment properties and certain completed properties for sale in the PRC under operating leases. Property rental income earned during the year was RMB347 million (2016 : RMB349 million).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	GROUP	
	2017 RMB'000	2016 RMB'000
Within one year	**291,295**	227,767
In the second to fifth year inclusive	**654,895**	583,778
More than five years	**507,096**	470,771
	1,453,286	1,282,316

39 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements:

	GROUP	
	2017 RMB'000	2016 RMB'000
Investment properties	**58,686**	23,632
Acquisition of property	–	108,979
	58,686	132,611

40 CONTINGENCIES AND GUARANTEES

As at December 31, 2017, the Group has provided guarantees of approximately RMB7.508 billion (2016 : RMB11.495 billion) to banks for the benefit of its customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties. Should such guarantees be called upon, there would be an outflow of cash (previously collected by the Group) from the Group to the banks to discharge the obligations. The management has made enquiries with the banks and considered the profile of customers who bought the Group's properties and concluded that the likelihood of these guarantees being called upon is low. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security for the mortgage loan granted.

As described in Note 30, the additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB597 million (2016 : RMB597 million) (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests) as at December 31, 2017.

As at December 31, 2017, the Company, together with five of its subsidiaries, has provided a joint guarantee in respect of senior notes issued by a wholly-owned subsidiary amounting to RMB2.940 billion (equivalent to US$450 million) for a remaining term of less than five years up to January 22, 2022.

As at December 31, 2017, the Company, together with five of its subsidiaries, has provided joint guarantees to banks in respect of the following loan facilities granted to a subsidiary:

- A loan facility amounting to RMB522 million (equivalent to HK$625 million) (2016 : RMB559 million (equivalent to HK$625 million)) for a remaining term of less than two years up to April 25, 2019. The loan facility was fully drawn down as at the end of 2017 and 2016.

- A loan facility amounting to RMB6.861 billion (equivalent to US$1.050 billion) (2016 : RMB Nil) for a remaining term of less than three years up to October 23, 2020. As at December 31, 2017, an amount of RMB4.974 billion (equivalent to US$761 million) was outstanding.

40 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2016, the Company, together with five of its subsidiaries, had provided joint guarantees to banks in respect of the following loan facilities granted to a subsidiary:

- A loan facility amounting to RMB2.251 billion (equivalent to US$325 million) for a remaining term of less than one year up to June 23, 2017. The loan facility was fully drawn down as at the end of 2016. On June 23, 2017, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

- A loan facility amounting to RMB1.179 billion (equivalent to US$170 million) for a remaining term of less than two years up to May 4, 2018. The loan facility was fully drawn down as at the end of 2016. On October 25, 2017, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

As at December 31, 2017, the Company, together with a subsidiary, has provided joint guarantees to a bank in respect of a loan facility granted to another subsidiary amounting to RMB1.800 billion (2016 : RMB Nil) for a remaining term of less than three years up to January 15, 2020. The loan facility was fully drawn down as at the end of 2017.

As at December 31, 2017, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB510 million (2016 : RMB600 million) for a remaining term of less than two years up to May 11, 2019. The loan facility was fully drawn down as at the end of 2017 and 2016.

As at December 31, 2017, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB600 billion (2016 : RMB Nil) for a remaining term of less than three years up to February 22, 2020. The loan facility was fully drawn down as at the end of 2017.

As at December 31, 2017, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB840 billion (2016 : RMB Nil) for a remaining term of less than three years up to July 31, 2020. The Company's contingent liability as at December 31, 2017 for this guarantee is limited to an amount of RMB280 million.

As at December 31, 2017, the Company has provided a guarantee to a third party in respect of a loan facility granted to a subsidiary amounting to RMB910 million (2016 : RMB910 million) for a remaining term of less than two years up to March 28, 2019. The loan facility was fully drawn down as at the end of 2017 and 2016.

As at December 31, 2017, the Company has provided a guarantee to a third party in respect of a loan facility granted to a subsidiary amounting to RMB590 million (2016 : RMB590 million) for a remaining term of less than two years up to April 26, 2019. The loan facility was fully drawn down as at the end of 2017 and 2016.

40 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2017, the Company has provided a joint guarantee to a bank in respect of a loan facility granted to a joint venture amounting to RMB2.632 billion (equivalent to S$539 million) (2016 : RMB Nil) for a remaining term of less than one year up to July 12, 2018. The Company's contingent liability as at December 31, 2017 for this joint guarantee is limited to an amount of RMB776 million (equivalent to S$159 million) .

As at December 31, 2016, the Company had provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB114 million (equivalent to S$24 million) for a remaining term of less than two years up to March 30, 2018. The loan facility was fully drawn down as at the end of 2016. On October 20, 2017, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

As at December 31, 2017, a subsidiary of the Company has provided a joint guarantee to a bank in respect of a loan facility granted to a joint venture amounting to RMB600 million (2016 : RMB Nil) for a remaining term of less than five years up to March 19, 2022. The subsidiary's contingent liability as at December 31, 2017 for this joint guarantee is limited to an amount of RMB203 million.

As at December 31, 2017, a subsidiary of the Company has provided a joint guarantee to banks in respect of a loan facility granted to a joint venture amounting to RMB236 million (2016 : RMB Nil) for a remaining term of less than five years up to August 20, 2022. The subsidiary's contingent liability as at December 31, 2017 for this joint guarantee is limited to an amount of RMB60 million.

As at December 31, 2017, a subsidiary of the Company has provided joint guarantees to banks in respect of the following loan facilities granted to a wholly-owned subsidiary of a joint venture Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd. ("SSNEHID"):

- A loan facility for a remaining term of less than one year up to September 25, 2018. The loan facility was fully drawn down as at the end of 2017 and 2016. The subsidiary's contingent liability as at December 31, 2017 for this joint guarantee is limited to an amount of RMB109 million (2016 : RMB134 million).

- A loan facility for a remaining term of less than three years up to January 15, 2020. The loan facility was fully drawn down as at the end of 2017 and 2016. The subsidiary's contingent liability as at December 31, 2017 for this joint guarantee is limited to an amount of RMB285 million (2016 : RMB388 million).

- A loan facility for a remaining term of less than three years up to July 1, 2020. The loan facility was fully drawn down as at the end of 2017 and 2016. The subsidiary's contingent liability as at December 31, 2017 for this joint guarantee is limited to an amount of RMB278 million (2016 : RMB342 million).

40 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2016, a subsidiary of the Company had provided a guarantee to a bank in respect of a loan facility granted to a joint venture amounting to RMB400 million for a remaining term of less than two years up to April 14, 2018. The loan facility was fully drawn down as at the end of 2016. On December 14, 2017, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

As at December 31, 2016, the joint venture Singapore Intelligent Eco Island Development Pte. Ltd. ("SIEID") had pledged its shares in SSNEHID to banks as security for credit facilities used by a wholly-owned subsidiary of SSNEHID for property development. SIEID's contingent liability under this pledge of its shareholding in SSNEHID was limited to an amount of RMB72 million. A subsidiary of the Company had provided guarantee of RMB55 million for the same credit facilities. In March 2017, the loan and interest payable were fully repaid and the loan facilities were cancelled accordingly.

The management is of the view that the fair value of the financial guarantees provided by the Group and the Company are not significant.

INTERESTED PERSON TRANSACTIONS

The details of interested person transactions ("IPTs") entered into during the financial year under review were as follows:-

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY 2017	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) FY 2017
Yanlord Holdings Pte. Ltd.[1]	RMB13,786,827	NA
Lin Yi Ming[2]	RMB370,000	NA
Zhong Hai Sheng[2]	RMB870,000	NA
Pretty Honour Investment Limited[1]	RMB27,083,160	NA
Total	RMB42,109,987	NA

NA: Not applicable

Notes:

1 Associates (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company and Zhong Ming, director of the Company, is son of Zhong Sheng Jian.
2 Relatives (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company.

The Group does not have a shareholders' general mandate for IPTs.

Save as disclosed above, there was no material contract entered into by the Company and its subsidiaries involving the interests of the chief executive officer or any director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

SHAREHOLDING STATISTICS

As at 13 March 2018

Number of Shares Issued (including Treasury Shares)	:	1,948,736,476
Class of Shares	:	Ordinary shares with one vote per share
Issued and Paid-up Share Capital	:	S$1,482,552,080
Number of Treasury Shares	:	17,201,100

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 – 99	14	0.27	261	0.00
100 – 1,000	436	8.23	406,888	0.02
1,001 – 10,000	3,531	66.67	19,242,902	1.00
10,001 – 1,000,000	1,292	24.40	57,897,583	3.00
1,000,001 AND ABOVE	23	0.43	1,853,987,742	95.98
TOTAL	**5,296**	**100.00**	**1,931,535,376**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	Percentage (%)[1]
YANLORD HOLDINGS PTE. LTD.	1,278,390,000	66.19
DBS NOMINEES (PRIVATE) LIMITED	145,845,712	7.55
CITIBANK NOMINEES SINGAPORE PTE LTD	125,509,140	6.50
BPSS NOMINEES SINGAPORE (PTE.) LTD.	69,823,500	3.61
UOB KAY HIAN PRIVATE LIMITED	63,859,900	3.31
HSBC (SINGAPORE) NOMINEES PTE LTD	38,702,760	2.00
DBSN SERVICES PTE. LTD.	31,585,836	1.64
MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	20,561,494	1.06
RAFFLES NOMINEES (PTE) LIMITED	20,000,586	1.04
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	19,499,510	1.01
DB NOMINEES (SINGAPORE) PTE LTD	9,146,418	0.47
WANG NANHUA	4,680,000	0.24
KHENG LEONG COMPANY (PRIVATE) LIMITED	4,416,700	0.23
OCBC SECURITIES PRIVATE LIMITED	3,992,300	0.21
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,715,000	0.19
ONG ENG LOKE	2,720,000	0.14
HEXACON CONSTRUCTION PTE LTD	2,571,971	0.13
PHILLIP SECURITIES PTE LTD	2,103,600	0.11
TAN SHOOK YNG	1,852,000	0.10
ZHENG XI	1,461,000	0.08
TOTAL	**1,850,437,427**	**95.81**

SUBSTANTIAL SHAREHOLDERS

As Stated in the Register of Substantial Shareholders

Name	Direct Interest No. of Shares	Direct Interest Percentage (%)[1]	Deemed Interest No. of Shares	Deemed Interest Percentage (%)[1]	Total Interest No. of Shares	Total Interest Percentage (%)[1]
YANLORD HOLDINGS PTE. LTD.[2]	1,278,390,000	66.19	–	–	1,278,390,000	66.19
ZHONG SHENG JIAN[2]	49,953,100	2.59	1,278,390,000	66.19	1,328,343,100	68.77

Notes:

1 Percentages calculated based on share capital of the Company as at 13 March 2018, excluding treasury shares.

2 Zhong Sheng Jian is a subtantial shareholder of the Company via his deemed interest of 1,278,390,000 ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest). The total no. of 1,328,343,100 ordinary shares are held directly and via nominee accounts.

Based on the information available to the Company as at 13 March 2018, approximately 29% of the issued ordinary shares (excluding treasury shares) of the Company is held by the public and accordingly, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

CORPORATE GOVERNANCE STATEMENT

Yanlord Land Group Limited ("Company" and its group of companies, "Group") is committed to complying with the Code of Corporate Governance 2012 ("Code") so as to safeguard the interests of the shareholders ("Shareholders"). This statement outlines the Company's corporate governance processes and activities that were in place during the financial year. The Group has complied in all material aspects with the principles and guidelines set out in the Code, and deviations in any specific areas are accordingly explained in this statement.

BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF AFFAIRS

Disclosure Guide ("DG"): Guideline 1.5
DG: Guideline 1.6

The principal functions of the board of directors of the Company ("Board") include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction. The Board approves significant corporate matters including matters in relation to financing, acquisitions and divestments, major undertakings, annual budget, quarterly and annual financial results, issuances of securities, appointment of Company's officers, dividend payout, and all matters and transactions listed in the SGX's Listing Manual ("Listing Manual") that require Board's approval such as relevant interested persons transactions, share buyback mandate, etc. as duly recorded and communicated to the management of the Company ("Management"). Financial authorisation and approval limits are established for the day-to-day transactions to facilitate operational efficiency. The Board oversees and ensures the adequacy of the Group's risk management system and internal controls framework and standards so as to safeguard the Company's assets and ensure clean corporate culture so that obligations to its shareholders and other key stakeholders are met and to ensure that the Company's core values of managing with benevolence and integrity and achieving perpetuity through perseverance are adhered to. Recognising the need for balance between the commercial needs of our customers and environmental preservation, the Group continues to introduce environmental initiatives through developing eco-friendly developments as and where appropriate. The Group's social responsibilities further extend to include donations to certain non-profit organisations. The Board shall further review relevant sustainability issues and a sustainability report shall be published in accordance with the relevant requirements in due course.

All directors shall objectively discharge their duties and responsibilities at all times as fiduciaries of the Company and shall act honestly with diligence, and in the best interests of the Company. In the event of a conflict of interest situation arising in respect of a matter under consideration by the Board, the director concerned also complies with relevant disclosure obligations and abstained from participating in the deliberation of the matter by the relevant Board's committee(s) and/or Board. The Board dictates the strategic direction and management of the Company through quarterly reviews of the financial performance of the Group. To facilitate effective management, certain functions of the Board have been delegated, without abdicating the responsibility of the Board, to various committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Risk Management Committee ("RMC") (collectively, "Board Committees"). Each of the Board Committees reviews matters within their respective written terms of reference and reports to the Board with their decisions or recommendations.

The Company's Constitution are sufficiently flexible to allow a director to participate at a meeting via telephone, video conference or by means of similar communication equipment. A director, who was unable to attend the meetings of the Board or of the Board Committees, would be provided with the relevant meeting materials prior to the meeting(s) and may raise his/her views on the agenda to the Board or the Board Committees in advance, if any. In the course of the financial year under review, the details of the number of meetings held and attended by each of the members of the Board and Board Committees are set out below:

	Board Meeting		AC Meeting		NC Meeting		RC Meeting		RMC Meeting	
Director	**Held***	**Attendance**	**Held***	**Attendance**	**Held***	**Attendance**	**Held***	**Attendance**	**Held***	**Attendance**
Zhong Sheng Jian	4	4	—	—	1	1	—	—	1	1
Zhong Siliang	4	4	—	—	—	—	—	—	—	—
Chan Yiu Ling	4	4	—	—	—	—	—	—	—	—
Zhong Ming	4	4	—	—	—	—	—	—	—	—
Ronald Seah Lim Siang	4	4	4	4	1	1	1	1	—	—
Ng Ser Miang[1]	2	2	—	—	1	1	—	—	1	1
Ng Shin Ein	4	4	4	4	—	—	1	1	1	1
Ng Jui Ping	4	4	4	4	—	—	1	1	1	1
Hee Theng Fong[2]	1	1	—	—	—	—	—	—	—	—

Notes:
1 Ng Ser Miang resigned as an independent director, Chairman of the NC and member of the RMC of the Company on 6 June 2017.
2 Hee Theng Fong was appointed as an independent director, Chairman of the NC and member of the RMC of the Company on 11 October 2017.
* Reflects the number of meetings held during the time that the director held office.
– Indicates that the director was not a member of that committee during the year.

A director, upon appointment, would be provided with a formal letter setting out his/her duties and obligations as a director and undergone necessary programme to familiarise himself/herself of the Group's business and structure, governance practices and matters relating to the Board and Board Committees. A formal letter was furnished to newly-appointed director, Hee Theng Fong, upon his appointment during the financial year. There was no first-time director appointed during the financial year under review. The directors visit the development sites of the Group and meet the local management teams as and when necessary. The directors are also provided with further explanation and information on any aspect of the Company's operation or business issues from Management at quarterly board meetings or as and when so requested by the directors and receive relevant briefings and updates, particularly on relevant new laws and regulations including any key changes made to any financial reporting standards, and changing commercial risks, from time to time. Directors are encouraged to undergo relevant training sessions. The Company shall be responsible for funding for any such training of directors.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

DG: Guideline 2.1
DG: Guideline 2.3
DG: Guideline 2.4
DG: Guideline 2.6

The Board comprises:

1.	Zhong Sheng Jian:	Chairman and Chief Executive Officer
2.	Zhong Siliang:	Executive Director
3.	Chan Yiu Ling:	Executive Director
4.	Zhong Ming:	Executive Director
5.	Ronald Seah Lim Siang:	Lead Independent Director
6.	Ng Shin Ein:	Independent Director
7.	Ng Jui Ping:	Independent Director
8.	Hee Theng Fong	Independent Director (appointed on 11 October 2017)

The Board determines, at the recommendation of the NC, the independence of each independent director adopting, *inter alia*, the independence test as recommended by the Code. The NC and the Board note the need for progressive refreshing of the Board and the need to conduct rigorous review on the independence of each independent director who has served on the Board beyond nine years from his/her first appointment. For the independence test, each director is required to endorse an independent test form, content of which is in accordance with the guidelines as set out in the Code to declare his/her independency. The director shall further confirm that he/she does not have any relationship(s) which would interfere with the exercise of his/her independent judgement in carrying out the functions of the Board and that of the respective Board Committees and shall notify the Company in writing promptly, should there be any changes as and when it arises. During the year, all the four independent directors confirmed that they did not have any such relationship as stated in the Guideline 2.3 of the Code. Having noted that three independent directors of the Company namely, Ronald Seah Lim Siang, Ng Shin Ein and Ng Jui Ping have served the Board beyond nine years, a peer review was further conducted to assess whether each independent director expressed his/her individual viewpoints and continued to demonstrate strong independence in judgment in the discharge of his/her responsibilities as an independent director of the Company. The peer review also assessed whether the independent directors have objectively and constructively raised issues during meetings of the Board and of the Board Committees and whether they remained active in the discussions over issues concerning the Group and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities and whether the Company has benefited from their years of experience in their respective fields of expertise. Each of the independent directors was abstained from assessing and determining his/her own independence in such review. Taking into consideration the complexity of doing business in China and that these independent directors have continued to demonstrate strong independence in judgment in the discharge of their responsibilities as an independent director of the Company and that they have objectively and constructively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on Board or on the Board Committees and that the Company has also benefited from their years of experience in their respective fields of expertise, the NC and the Board are of the view that the above three independent directors who have served the Board beyond nine years from the respective date of their first appointments remain independent and none of the independent directors has a relationship as stated in Guideline 2.3 of the Code that would otherwise deem him/her not to be independent. Accordingly, there is a strong and independent element on the Board, with independent directors making up half of the Board.

The Board believes that a diverse Board will enhance the decision makings of the Board by utilizing the variety in skills, experience, gender, age and knowledge of the Group. When considering the appointment and re-appointment of any directors, in addition to complying with the relevant provisions of the Company's Constitution, it has been the objectives of the Board to ensure it comprises directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age and knowledge of the Group and the need for succession and progressive refreshing of Board shall be taken into consideration too. The Board is of a view that the current size and composition of the Board, their experience and core competencies in various fields are appropriate, effective and provides adequate diversity to the Board, taking into consideration the above objectives, the scope and nature of operations of the Group, the requirements of the business and the need to avoid undue disruptions from unnecessary changes to the composition of the Board and Board Committees. The Board has diversity of academic background and skills and knowledge in the areas of accounting or finance, legal, business or management, industry, strategic planning and customer-based experience. Extensive experiences of the directors including their international and regional business expertise and strategic networking relationships further broaden diversity of the Board. The Board also comprising two female directors in recognition of the importance and value of gender diversity. Various assessments conducted annually on the Board, Board Committees as well as individual directors would allow the Board to ensure, *inter alia*, the balance and diversity of the Board necessary to maximise effectiveness and to ensure above objectives are met. All the four independent directors of the Company are non-executives and they constructively challenge and comment on proposals on strategies; and review the performance of Management in meeting goals and monitor the reporting of performance. The independent directors may meet separately and on an annually basis, with internal and external auditors (as the case may be) to discuss matters pertaining to the Group, without the presence of the Management and the Executive Directors to facilitate a more effective check on the Group.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Zhong Sheng Jian currently fulfills the roles as the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") of the Company. There is no division of responsibilities between the Chairman and the CEO. The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. The Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on the corporate affairs of the Group. Pursuant to the recommendation in the Code, the Company appointed Ronald Seah Lim Siang as its lead independent director to, *inter alia*, coordinate the activities of independent directors. The lead independent director would provide feedback to the Chairman and CEO for any relevant issues to be further addressed by the Group. Any concerns of Shareholders, if received by the Company, to the attention of the lead independent director shall be forwarded to him accordingly. The Chairman and CEO should, *inter alia*, lead the Board to ensure its effectiveness on all aspects of its roles and provides close oversight, guidance and leadership to the Management. He is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information within the Board and between the Board and the Management. The Chairman and CEO, with the assistance of the company secretary, also schedules meetings and prepares meeting agenda and ensures sufficient allocation of time for thorough discussion of each agendum, in particular of strategic issues. He promotes an open environment for discussion at the meetings of the Board and of the Board Committees so as to ensure meaningful participation and effective contribution by each independent (non-executive) director. He plays a key role in fostering constructive dialogue between the Shareholders, the Board and the Management at the general meetings of the Company and encourage constructive relations within the Board and between the Board and Management. He also takes a leading role in the Group's drive to achieve and maintain high standards of corporate governance practices within the organisation with full support of the directors, company secretary and Management.

PRINCIPLE 4: BOARD MEMBERSHIP
PRINCIPLE 5: BOARD PERFORMANCE

DG: Guideline 4.4
DG: Guideline 4.6
DG: Guideline 5.1

NOMINATING COMMITTEE ("NC")

The NC makes recommendations to the Board on all board appointments. The majority of the members of the NC, including its chairman, are independent. The chairman of the NC is Hee Theng Fong and the other members are Zhong Sheng Jian and our lead independent director, Ronald Seah Lim Siang. The NC is guided by its terms of reference which set out its responsibilities. The NC's responsibilities include:

(a) reviewing and recommending the nomination and re-election of our directors having regard to the director's contribution and performance;

(b) determining on an annual basis whether or not a director is independent (as described in Principle 2 above);

(c) developing a process for evaluation of the performance of the Board, its Board Committees, the Chairman and CEO and directors;

(d) assessing the performance of our Board, Board Committees as well as contribution of the Chairman and CEO and each director to the effectiveness of the Board and the need for directors' relevant training; and

(e) reviewing the board composition and assessing any need for change, taking into consideration of (d) above on an annual basis.

A new director shall be appointed by the Board after taking into consideration the recommendation made by the NC. Selection of candidates to be considered for appointment as directors may be facilitated, *inter alia*, through recommendations from reliable sources. The NC, in considering the appointment and re-appointment of any director, evaluates the criteria of the new directors and performance of the existing directors. The assessment parameters for the new directors include integrity, diversity of competencies and expertise of the new directors. The assessment parameters for the existing directors include attendance records at meetings, intensity of participation at meetings and the quality of interventions.

The Company's Constitution requires new directors appointed during the year to submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. The Company's Constitution also requires one-third of the Board to retire by rotation at every AGM. This means that no director may stay in office for more than three years without being re-elected by Shareholders. The Board values the importance of succession planning and progressive renewal of the Board. In this regard, on an annual basis, the NC reviews and makes recommendation on the list of directors who are subject to retire by rotation and whether the composition of the Board shall remain unchanged or new directors shall be recommended in place of the existing directors (as and when such need arises) taking into consideration, among others, each director's competencies, commitment, contribution and performance. Such recommendations will then be submitted to the Board for Board's consideration thereafter. The NC and Board determine on an annual basis whether a director with other listed company board representations and/or principal commitments is able to and has been adequately and effectively carrying out his/her duties as a director of the Company. Taking into consideration the results of annual assessment of the Board, Board Committees and individual directors as well as the attendance (as disclosed in Principle 1 above), time allocated by each director in attending the meetings of the Board, Board Committees and Shareholders and ability to make timely decision when dealing with businesses that had been presented to each director, the NC and Board are of the view that although some of the directors have multiple board representations in other listed entities, such multiple board representations do not hinder them from carrying out their duties as directors. Instead, these directors' participation in other listed entities would widen the experience of the Board and give it a broader perspective. The NC and Board recognise that the individual circumstances and capacity of each director are different and, the NC shall make recommendation to the Board for the Board to consider adopting the recommendation of the Code to determine the maximum number of listed company board representations which any director may hold as and when necessary in due course. As explained above, no maximum number of listed company board representations which any director may hold was set during the financial year.

The Company believes that excellent board performance would enhance long-term stakeholders' value as the board performance is ultimately reflected in the long-term performance of the Group. The Company has in place a system to assess the performance of the Board as a whole, its Board Committees and the contribution by the Chairman and CEO to the effectiveness of the Board on an annual basis ("Performance Assessment"). In carrying out the Performance Assessment, the NC and Board take into consideration the views of each individual director. Each director will be provided with a questionnaire setting out relevant performance criteria which were approved by the Board for their views on the performance of the Board, Board Committees and Chairman based on criteria in various aspects such as the structure of Board and Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls and Company's performance. The Company's performance relative to the industry trend is reviewed by the Board on quarterly basis taking into consideration of any significant trends and competitive conditions of the industry in which the Group operates. When assessing the overall performance of the Board, the NC and Board also take into account the directors' number of listed company board representations and other principal commitments as defined in the Code to determine if a director is able to and has been adequately carrying out his/her duties as a director of the Company. The performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, such changes shall be reviewed and approved by the Board. The contribution of the Chairman and CEO is assessed taking into consideration the role of Chairman as prescribed by the Code. The Chairman abstained from participating in his own assessment. The results of the completed questionnaires are compiled into a summary report and the same is tabled for review by the NC and circulated to the Board for consideration thereafter. The Board, having satisfied with its performance, would resolve whether to retain the current composition of the Board taking into consideration, among others, adequate diversity of the Board, each director's competencies, commitment, contribution and performance.

The NC also assessed the performance of individual directors on an annual basis based on factors such as the director's attendance record at the meetings of Board and Board Committees, intensity of participation at meetings and the quality of interventions. Recommendation in respect of the contribution of each individual director to the effectiveness of the Board will be made to the Board thereafter. The Performance Assessment helps to measure the continuous performance of the Board and its committees and enhance long-term stakeholders' value.

Key information regarding the directors is set out in this Annual Report ("2017 Annual Report") under the heading entitled "Board of Directors" and "Directors' Statement". The Company does not have any alternate director.

PRINCIPLE 6: ACCESS TO INFORMATION

DG: Guideline 6.1

The Board is provided with financial information including quarterly financial results together with other relevant quarterly reports on pre-sales, debts structure, financial covenants and budget comparison analysis, as well as relevant background information and documents relating to items of business to be discussed at Board meetings prior to the scheduled meetings such as internal audit progress reports, disclosure of directors' interests, any financing and interested person transactions memorandum(s), etc. The directors are also provided with relevant key updates on the Group's developments. The Chairman and CEO, the Group Financial Controller, the internal and external auditors and the company secretary are available to address any queries that the directors may have at the quarterly meetings and as and when necessary. Annual budget together with relevant annual variance reports are provided on an annual basis. The directors may (whether individually or as a group), in the furtherance of their duties, take independent professional advice (e.g. auditors), if necessary, at the Company's expense.

The Board has separate and independent access to the Management and company secretary at all times. The directors are entitled to request from the Management and be provided with such additional information as needed to make informed decisions in a timely manner.

The company secretary attends all Board and Board Committees meetings. The role of the company secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary also ensures good information flows within the Board and Board Committees and between the Management and independent directors. The appointment and removal of the company secretary should be a matter for the Board as a whole.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURE FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE OF REMUNERATION

DG: Guideline 9.2
DG: Guideline 9.3
DG: Guideline 9.4
DG: Guideline 9.6

REMUNERATION COMMITTEE ("RC")

The RC comprises 3 members, all of whom are independent and non-executive directors. The chairman of the RC is Ng Jui Ping and the other 2 members are Ronald Seah Lim Siang and Ng Shin Ein.

The RC is guided by its terms of reference which set out its responsibilities. The RC recommends to the Board, a framework of remuneration for the directors and reviews the remuneration packages for each director and key management personnel. The recommendations of the RC are submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, annual performance incentives and other benefits including benefits in kind are reviewed by the RC. Subject to the review of the Board, the RC has explicit authority within its terms of reference to obtain outside or other independent professional advice as it considers necessary to carry out its duties. Should the RC seek expert advice inside and/or outside the Company on remuneration of all directors, the RC should ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The fees of the non-executive independent directors were reviewed and compared against the directors' fees paid by other comparable industry peers of similar sizes based on market capital of those companies, with that paid by the Company. The RC had also reviewed the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service and opined that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No director or member of the RC has been involved in deciding his/her own remuneration package. The total remuneration mix for the CEO, Executive Directors and top 5 key executive officers (who are not also directors or the CEO) of the Group comprises three key components namely, basic salary, annual performance incentive and other benefits including benefits in kind. An appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of Shareholders and promotes the long-term success of the Company. Performance conditions to which entitlement to such incentives are met include benchmarking performance to business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance *vis-à-vis* industry performance. The extent to which the performance conditions have been met was taken into account in determining the actual quantum of variable component of remuneration. The Company does not make use of contractual provisions to allow it to reclaim incentive components of remuneration paid to its Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company having considered that performance incentives are determined subject to performance of the Company and of the individuals from time to time and the Company has the discretion not to award such incentive components and further that the Company does not have any long-term incentive scheme in the variable components of the remuneration packages of the Executive Directors and key management personnel. However, the Company will consider adopting such contractual provisions, as and when appropriate.

Save for directors' fees, which have to be approved by the Shareholders at every AGM, the non-executive independent directors do not receive any other remuneration from the Company. The RC and the Board reviewed the fees of the non-executive independent directors and were of the view that the directors' fees are adequate, comparable to the other industry peers in the market and appropriate to the level of contribution of the independent directors. The Company does not have any share-based compensation scheme or long-term scheme involving the offer of shares in place during the year.

Taking into consideration the competitive human resource environment which is especially pronounced in the Group's segment of property market in China and accordingly the remuneration of the Chairman and CEO together with the other directors of the Company be disclosed in the 2017 Annual Report in bands of S$250,000 instead of disclosing such figures to the nearest thousand dollars as required by the Code.

1. **Remuneration of Directors for FY2017**

The remuneration (which includes basic salaries, annual performance incentives, directors' fees and other benefits including benefits in kind, if any) paid or payable to each of the directors as at December 31, 2017, in bands of S$250,000, are as follows:

Remuneration Band	Basic Salary	Annual Performance Incentives	Directors' Fees	Other benefits including benefitsw in kind	Total
S$10,000,000 to S$10,249,999					
Zhong Sheng Jian	2.7%	97.2%	–	0.1%	100%
S$500,000 to S$749,999					
Zhong Siliang	75%	25%	–	–	100%
S$250,000 to S$499,999					
Chan Yiu Ling	76%	24%	–	–	100%
Zhong Ming	75%	25%	–	–	100%
Below S$250,000					
Ronald Seah Lim Siang	–	–	100%	–	100%
Ng Shin Ein	–	–	100%	–	100%
Ng Jui Ping	–	–	100%	–	100%
Hee Theng Fong	–	–	100%	–	100%

2. **Remuneration of the Top 5 Key Management Personnel for FY2017**

The remuneration (which includes basic salaries, annual performance incentives and other benefits including benefits in kind, if any) paid or payable to each of the following personnel as at December 31, 2017, based on their respective employment periods served in FY2017, in bands of S$250,000, are as follows:

Remuneration Band	Basic Salary	Annual Performance Incentives	Other Fees	Other benefits including benefits in kind	Total
S$500,000 to S$749,999					
Zhang Hao Ning	75%	25%	–	–	100%
Chen Ping	67%	33%	–	–	100%
Wang Xi	75%	25%	–	–	100%
Lam Ching Fung	73%	27%	–	–	100%
Zhou Cheng	69%	31%	–	–	100%

The total remuneration paid to the above top 5 key management personnel* for FY2017 was S$2,920,691.

3. **Remuneration of employees who are immediate family members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO*, and whose remuneration exceed S$50,000 during the year**

Remuneration Band	Position	Relationship	Basic Salary	Annual Performance Incentive	Other Fees	Other benefits including benefits in kind	Total
S$450,000 to S$499,999							
Zheng Xi	Vice-Chairman of Yanlord Investment (Nanjing) Co., Ltd.	Brother of our Chairman & CEO, Zhong Sheng Jian	71%	29%	–	–	100%
S$200,000 to S$249,999							
Zhong Si Nuo	Assistant to our Chairman & CEO, Zhong Sheng Jian	Daughter of our Chairman & CEO, Zhong Sheng Jian	85%	15%	–	–	100%
Zhong Si Li	Assistant General Manager – Wuhan	Brother of Zhong Siliang, our Executive Director	79%	21%	–	–	100%
Zhong Si Min	Vice Financial Controller – Shanghai	Brother of Zhong Siliang, our Executive Director	77%	23%	–	–	100%
S$150,000 to S$199,999							
Chung Chiu Yan	Director of Yanlord Investment (Nanjing) Co., Ltd.	Brother of our Chairman & CEO, Zhong Sheng Jian	100%	–	–	–	100%

Note:
* who are not directors or the CEO

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board understands its accountability to the Shareholders for the Group's performance, and Management understands its role in providing all members of the Board with financial accounts and such explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

The Board also ensures that the Company complies with the applicable legislative and regulatory requirements. The Board provides confirmation to the Shareholders in the Company's quarterly financial results announcements that to the best of their knowledge, nothing has come to the attention of the Board which may render the financial results of the Group to be false or misleading in any material aspects. A balance and understandable assessment of the Group's performance and financial position with a commentary of the significant trends and competitive conditions of the industry in which the Group operates is provided to the Shareholders on a quarterly basis.

The Management is accountable to the Board and presents to the Board, quarterly and full year financial results after the same are reviewed by the AC. The Board reviews and approves the results and authorises the release of results to the public via SGXNET.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

DG: Guideline 11.3

The Board is responsible for the governance of risk. The Board ensures that a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets is maintained by the Management. The internal controls are intended to provide reasonable but not absolute assurance against material misstatements or losses and include the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, reviewed and are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at December 31, 2017.

The Board has received assurance from the Chairman and CEO and the Group Financial Controller as well as the internal auditors that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Group's risk management and internal control systems.

RISK MANAGEMENT COMMITTEE ("RMC")

The RMC comprises 4 members who are appropriately qualified with relevant expertise and experience to discharge their responsibilities. The chairperson of the RMC is Ng Shin Ein and the other 3 members are Zhong Sheng Jian, Ng Jui Ping and Hee Theng Fong. The majority of the members of the RMC, including its chairperson, are independent. The RMC is guided by its terms of reference which set out its responsibilities including:

(a) identifying, measuring, managing and controlling risks that may have a significant impact on the Group's property development activities;

(b) reviewing and assessing the Group's risk related policies and methodologies; and

(c) considering and reviewing matters that may have a significant impact on the stability and integrity of the property market in the People's Republic of China.

The Board, with the assistance of the RMC, reviews the adequacy and effectiveness of the Company's risk practices and procedures, and oversee the Management in the design, implementation and monitoring of the risk management system.

PRINCIPLE 12: AUDIT COMMITTEE ("AC")

DG: Guideline 12.6

The AC comprises 3 independent and non-executive directors who are appropriately qualified with relevant expertise and experience to discharge their responsibilities. The chairman of the AC is Ronald Seah Lim Siang and the other 2 members are Ng Shin Ein and Ng Jui Ping. The AC is guided by its terms of reference which set out its responsibilities.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The duties of the AC include:

(a) review with the external auditors and where applicable, our internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letters to Management and the Management's response;

(b) review quarterly and annual financial results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(c) review and report to the Board the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss issues and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(g) review potential conflicts of interest, if any;

(h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(i) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

In addition, the AC has explicit authority to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. The AC meets, at a minimum, on a quarterly basis. The AC has full discretion with regard to the calling of any AC meeting and the proceedings thereat and may invite any director or Management to the meeting. In the event that a member of the AC is interested in any matter being considered by the AC, he/she would abstain from reviewing that particular transaction and voting on that particular resolution. If necessary, the AC also meets with the internal and external auditors without the presence of Management. During the year, the AC met with the internal and external auditors without the presence of the Executive Directors and Management. The internal and external auditors have unrestricted access to the AC and vice versa. The AC has been given full access to and co-operation of the Management and has reasonable resources to enable it to discharge its function properly. None of the former partners or directors of the Company's existing auditing firm is a member of the AC.

The Group incurred an aggregate amount of fees of approximately RMB7.2 million (excluding out of pocket expenses and goods and services tax and converted at a rate of S$1 = RMB4.93) to the external auditors, Deloitte & Touche LLP, Singapore and Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC (collectively, "Deloitte"), comprising audit fees of approximately RMB4.2 million and non-audit services fee of approximately RMB3.0 million for the year under review. In compliance with Rule 1207(6)(b) of the Listing Manual, the AC confirmed that it has undertaken a review of all non-audit services provided by Deloitte and they would not, in the AC's opinion, affect the independence of Deloitte. In reviewing the nomination of Deloitte for the re-appointment, the AC has also considered the adequacy of the resources, experience and competence of Deloitte and has taken into account the audit quality indicators relating to Deloitte at both firm and audit engagement level.

The Group has complied with Rules 712 and 715 of the Listing Manual in appointing the audit firms.

The AC held 4 meetings (other than passing of resolutions by way of circulations) during the year and carried out its duties as set out within its terms of reference including matters such as reviewing and recommending the relevant financial results to the Board before the same are released via SGXNET, reviewing the internal audit reports and reviewing the re-appointment of external auditors and the audit fees. The AC will also be briefed and updated of any changes to accounting standards and issues which may have direct impact on financial statements from time to time where necessary.

AC Commentary on Significant Matters:

Significant matters	How the AC reviewed these matters and what decisions were made
Assessment of recoverable amounts for properties for development, properties under development for sale and completed properties for sale (the "Properties")	The AC considered the management's approach and methodology applied in determining whether the Group's Properties are impaired and the amount of impairment to be recorded, if any. The AC reviewed the management assumptions relating to the reasonableness of the future sales and projected construction costs used in the management assessment. The assessment of recoverable amounts for the Group's Properties was an area of focus for the external auditor, who has included this as a key audit matter for the financial year ended December 31, 2017. Refer to page 61 of this Annual Report.
Valuation of investment properties	The AC considered the approach and methodology applied by the independent professional valuer to the valuation model in assessing the valuation of investment properties as at year end. The AC reviewed the reasonableness of the key assumptions used in the valuation, which include (i) price per square metre; (ii) capitalisation rates; (iii) market rent per square metre per month. The valuation of investment properties was an area of focus for the external auditor, who has included this as a key audit matter in its audit report for the financial year ended December 31, 2017. Refer to page 62 of this Annual Report.
Land appreciation tax ("LAT")	The AC considered the management's approach and methodology used in the Group's LAT computations. The AC reviewed the reasonableness of management's judgements taken relating to management's provisioning for LAT as at year end. LAT was an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended December 31, 2017. Refer to page 63 of this Annual Report.

The Company has in place a whistle-blowing policy which provides an avenue for employees of the Group and any other persons to raise concerns about possible improprieties in matters of financial reporting, accounting or auditing, internal controls or internal accounting controls and other operational matters ("Complaint"). The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report their concerns. Every Complaint raise shall be lodged with the Internal Audit Manager of the Company. The internal audit department maintains a complaint register for the purposes of recording details of such Complaints. The whistle-blowing procedure is set out below:–

1. Definitions

The following words as used shall have the meanings ascribed here:

1.1 "Possible Malpractice" means any activity, breach of business conduct and ethics or omission by an employee of the Group or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are either questionable or not in accordance with accepted accounting practices and / or trade practices prescribed by the Group.

1.2 "Complaint" means any complaint alleging either Possible Malpractices or Retaliatory Action.

1.3 "Retaliatory Action" means the use or attempted use of force, authority, intimidation, threat, undue pressure of any kind or any other negative or other inappropriate action, by any employee or officer of the Group, against any person who has filed a Complaint.

2. Reporting of Possible Malpractices

The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report genuine concerns about Possible Malpractices in matters of financial reporting or other matters in strict confidence, (please refer to item 1.1) they may encounter, without fear of Retaliatory Action.

3. Procedure

3.1 Lodging a Complaint

3.1.1 Every Complaint shall be lodged with the Internal Audit Manager of the Company by the following means:–

1) By Email

Email address: patrick@yanlord.com.hk
Attention: The Internal Audit Manager

<u>OR</u>

2) By Mail

Attention: The Internal Audit Manager
Address: 38F Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(Mark envelope "Private and Confidential")

All correspondence shall be treated with the strictest confidence.

3.1.2 The complainant must provide his/her particulars ("Particulars") as follows:

3.1.2.1 In the case of employee of the Group:–
- (a) Name;
- (b) Department / Company;
- (c) Contact Number; and
- (d) Email if available.

3.1.2.2 In the case of any other person:–
- (a) Name;
- (b) Correspondence Address / Company;
- (c) Contact Number; and
- (d) Email if available.

The Complaint would not be attended to if the Particulars are not stated. Each complainant is required to provide the Particulars to allegations because appropriate follow-up questions and investigations may not be possible unless the source of the information is identified. By providing the Particulars to the Company, each complainant agrees for the Company to use and disclose the Particulars for purposes of the Complaint.

3.2 **Confidentiality of Identity**

Every effort will be made to protect the complainant's identity. The identity of the complainant shall be confidential save where:

3.2.1 the identity of the complainant, in the opinion of the AC, is material to any investigation;

3.2.2 it is required by law, or by the order or directive of a court of law, regulatory body or by the Singapore Exchange or such other body that has the jurisdiction and authority of the law to require such identity to be revealed;

3.2.3 the AC with the concurrence of the Board of Directors opined that it would be in the best interests of the Group to disclose the identity;

3.2.4 it is determined that the Complaint was frivolous, in bad faith, or in abuse of these policies and procedures and lodged with malicious or mischievous intent; or

3.2.5 the identity of such complainant is already in the public domain.

PRINCIPLE 13: INTERNAL AUDIT

DG: Guideline 13.1

The Group has an in-house internal audit function ("Internal Audit") that is independent of the activities it audits. The staffs of the Internal Audit are professionally qualified and are members of (i) Hong Kong Institute of Certified Public Accountants ("HKICPA"); (ii) Association of Chartered Certified Accountants; or (iii) Institute of Internal Auditors. The Internal Audit reports directly to the AC chairman, and administratively to the Chairman and CEO. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The key role of the Internal Audit is to promote effective internal controls in the Group and to monitor the performance and effective application of internal controls procedures. The Internal Audit carries out its function according to the Auditing Guideline – Guidance for Internal Auditors issued by the HKICPA. The Group's yearly internal audit plan is submitted to the AC for approval on an annual basis prior to the commencement of the yearly internal audit works.

Based on the internal controls established and maintained by the Group, work performed by internal auditors as reviewed by the AC on quarterly basis and key internal control reports as tabled to the AC, the AC is satisfied that the Company's internal audit function is adequately resourced and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

All Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights.

In-line with continuous disclosure obligations of the Company, the Board's policy is that Shareholders be informed promptly of any major development that may have a material impact on the Group's performance and affect the price or value of the Company's shares. Information is communicated to Shareholders on a timely basis, through annual reports that are to be issued to all Shareholders within the mandatory period, quarterly financial statements announcements, press releases and other relevant announcements via SGXNET. The Company does not practice selective disclosure.

All the general meetings of Shareholders are held in Singapore to ensure that Shareholders have the opportunity to participate and vote at the general meetings. Shareholders are informed of the relevant rules including procedures that govern general meetings of Shareholders.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

DG: Guideline 15.4
DG: Guideline 15.5

The Company has a team of investor relations staff to promote regular, effective and fair communication with Shareholders and investors. In addition to disclosing relevant information of the Group via SGXNET as set out above, the Company also operates its corporate website at www.yanlordland.com through which Shareholders will be able to access updated information on the Group. The website provides corporate announcements, press releases and other information of the Group. The Group participated in activities such as global investor conferences, analyst briefings and roadshows to solicit and understand the views of the Shareholders and investors. A brief write-up of the Group's investor relations activities can be found in the 2017 Annual Report.

In view of that annual dividend shall be proposed by the Management to the Board for consideration prior to any such declaration by the Board on an annual basis taking into consideration the Group's business expansion and development plans, its financial performance and available resources and other relevant factors from time to time, it is in the best interest of the Company not to determine any fixed annual dividend payment policy. Declaration of dividends, if any, are clearly communicated to Shareholders and where dividends are not paid, explanations are given to the Shareholders too. Such communications with Shareholders are made via SGXNET announcements.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

All registered Shareholders are invited to participate and given the right to vote on resolutions at general meetings. Each of the Shareholders would be given a CD Rom containing the annual report, notice of the general meeting and proxy form. The printed copies of the annual report are available to the Shareholders upon their requests. Notices of general meetings are published on the press and issued by way of an announcement via SGXNET. If any individual Shareholder is unable to attend the general meeting in person, he/she may appoint not more than two proxies in accordance with the provision of the Company's Constitution for the proxies to attend and vote on his/her behalf at the general meeting. A member of the Company who is a relevant intermediary (as defined in Section 181(6) of the Act is entitled to appoint more than two proxies to attend and vote in general meetings pursuant to Section 181(1C) of the Act. At the general meetings, Shareholders will be given the opportunity to express their views and make enquiries regarding the business and operations of the Group. Voting in absentia by mail, facsimile or email is currently not allowed as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the Shareholders' identity. Separate resolutions are proposed for substantially separate issues at the general meetings.

In FY2017, all directors on board including our four independent directors then and the external auditors attended its annual general meeting. The directors always strive to attend all general meetings of Shareholders to address Shareholders' queries.

Since 2015, all resolutions at its all general meetings have been voted by way of an electronic poll so as to better reflect shareholders' interest and to ensure transparency in the voting process. The voting outcome for each resolution was presented to the Shareholders in real-time at the general meetings immediately after each resolution was put to vote and the outcomes of all resolutions were subsequently disclosed in accordance with the prescribed format pursuant to Chapter 7 of the Listing Manual via SGXNET. Company prepared minutes of the general meetings in accordance with the recommendation of the Code.

DEALINGS IN SECURITIES

The Company has adopted and implemented internal compliance practices to provide guidance to its directors and key employees on a quarterly basis in relation to the dealings in its securities. Directors and key employees who have access to material price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of such information. They are also prohibited from dealing in the Company's securities one month prior to the announcement of the Company's full year financial statements and two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and are further prohibited from dealing in the Company's securities on short-term considerations.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting ("AGM") of Yanlord Land Group Limited ("Company" or "Yanlord") will be held on Friday, April 27, 2018 at 2.00 p.m. at Capricorn, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements for the financial year ended December 31, 2017 together with the auditor's report thereon. **(Resolution 1)**

2. To declare a first and final (one-tier) tax-exempt dividend of 6.8 Singapore cents (equivalent to approximately 33.31 Renminbi cents) per ordinary share for the year ended December 31, 2017. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$365,479.45 (equivalent to approximately RMB1,792,314.20 for the year ended December 31, 2017 (FY2016: S$400,000, equivalent to approximately RMB1,915,920). **(Resolution 3)**

4. To re-elect the following Directors, each of whom will retire pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   a) Ng Shin Ein **(Resolution 4a)**
   b) Chan Yiu Ling **(Resolution 4b)**
   c) Ng Jui Ping **(Resolution 4c)**

   (Detailed information of these Directors can be found in the Company's Annual Report 2017, under the section of the "Board of Directors".)

5. To re-elect Hee Theng Fong, a Director who is retiring pursuant to Regulation 97 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 5)**

   (Detailed information of Hee Theng Fong can be found in the Company's Annual Report 2017, under the section of the "Board of Directors".)

6. To re-appoint Messrs Deloitte & Touche LLP, Singapore as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without any amendments, the following resolutions, of which Resolutions 7 and 8 will be proposed as Ordinary Resolutions and Resolution 9 will be proposed as a Special Resolution:

7A. That pursuant to Section 161 of the Companies Act, Cap. 50 ("Act") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments" and each, an "Instrument") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company at the time this Resolution is passed, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities or share options on issue at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier. **(Resolution 7)**

7B. That:-

(1) for the purposes of sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued and fully paid Shares of the Company not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:-

(a) market purchases on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange") ("Market Purchase"); and/or

(b) off-market purchases (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("Off-Market Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

(2) unless varied or revoked by the members of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(a) the date on which the next AGM of the Company is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated.

In this Resolution:-

"Maximum Percentage" means that number of issued Shares representing not more than 10% of the total number of issued Shares as at date of the passing of this Resolution (excluding any treasury shares and subsidiary holdings as at that date);

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares are transacted on the SGX-ST or, as the case may be, such Other Exchange, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of the Shares from holders of the Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(3) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 8)**

7C. That:

(1) the regulations contained in the new Constitution of the Company as set out in Annex A to the Appendix II dated April 4, 2018 accompanying this Notice of AGM be and are hereby approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution of the Company; and

(2) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 9)**

8. To transact any other ordinary business which may properly be transacted at an annual general meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT the Share Transfer Book and Register of Members of the Company will be closed on May 23, 2018, for the purpose of determining the shareholders' entitlements to the first and final (one-tier) tax-exempt dividend of 6.8 Singapore cents (equivalent to approximately 33.31 Renminbi cents) per ordinary share for the year ended December 31, 2017 ("Proposed Dividend") to be proposed at the AGM of the Company to be held on April 27, 2018.

Duly completed registrable transfers in respect of Shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on May 22, 2018 will be registered to determine shareholders' entitlements to the Proposed Dividend. Shareholders whose securities accounts with the Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on May 22, 2018 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the forthcoming AGM, will be paid on June 5, 2018.

BY ORDER OF THE BOARD
Lim Poh Choo
Company Secretary

April 4, 2018
Singapore

Notes to Notice of AGM:

(i) A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf.

(ii) A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy).

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

(iii) A proxy need not be a member of the Company.

(iv) The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for holding the AGM.

(v) Resolution 4a: Ng Shin Ein who is an independent director will, upon re-appointment as a Director of the Company, remain as Chairperson of the Risk Management Committee, member of the Audit Committee and member of the Remuneration Committee.

(vi) Resolution 4c: Ng Jui Ping who is an independent director will, upon re-appointment as a Director of the Company, remain as Chairman of the Remuneration Committee, member of the Audit Committee and member of the Risk Management Committee.

(vii) Resolution 5: Hee Theng Fong who is an independent director will, upon re-appointment as a Director of the Company, remain as Chairman of the Nominating Committee and member of the Risk Management Committee.

(viii) Resolution 7, if passed, is to empower the Directors from the date of the AGM to be held on April 27, 2018 until the date of next AGM, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent. (50%) of the total number issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a pro-rata basis to shareholders (calculated as described above).

(ix) Resolution 8 relates to the renewal of the Share Buyback Mandate which was originally approved by shareholders on April 2, 2009. Please refer to Appendix I to this Notice of AGM for details.

(x) Resolution 9 relates to the proposed adoption of the new Constitution of the Company. Please refer to Appendix II to this Notice of AGM for details.

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules of any designated stock exchange, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

YANLORD LAND GROUP LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200601911K

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:
1. A Relevant Intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (Please refer to Note 3 for the details).
2. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We ____ (Name)

of ____ (Address)

being a member/members of Yanlord Land Group Limited (the "Company" or "Yanlord") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
(a)				

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
(b)				

or failing him/her, the Chairman of the Annual General Meeting of the Company ("AGM") to be held at Capricorn, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 27 April 2018 at 2.00 p.m. and at any adjournment thereof, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM.

Note: In compliance with Rule 730A(2) of the SGX Mainboard Listing Rules, the Chairman of the AGM will be exercising his right under Regulation 61(i) of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	No. of Votes	
		For*	Against*
	ROUTINE BUSINESS		
1	Adoption of Directors' Statement, Auditor's Report and Audited Financial Statements		
2	Declaration of Dividend		
3	Approval of Directors' Fees		
4	(a) Re-election of Ng Shin Ein as Director		
	(b) Re-election of Chan Yiu Leng as Director		
	(c) Re-election of Ng Jui Ping as Director		
5	Re-election of Hee Theng Fong as Director		
6	Re-appointment of Auditors		
	SPECIAL BUSINESS		
7	Authority for Directors to issue shares and convertible securities		
8	Renewal of Share Buyback Mandate		
9	Adoption of New Constitution		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, each proxy will vote or abstain as the proxy deems fit.

Dated this __________ day of __________________ 2018

Total number of Shares held

____

____

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON THE REVERSE

Fold this flap for sealing

PROXY FORM

Affix
Stamp
Here

THE COMPANY SECRETARY
YANLORD LAND GROUP LIMITED
9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989

Fold here

Fold here

NOTES TO PROXY FORM:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Cap. 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy in the form of proxy.
3. A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy).

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap 50.
8. The Company shall be entitled to reject an instrument appointing a proxy/proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor contained in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for the AGM.
10. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2018.
11. Completion and return of this instrument appointing proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Zhong Sheng Jian
Chairman and
Chief Executive Officer

Zhong Siliang
Executive Director

Chan Yiu Ling
Executive Director

Zhong Ming
Executive Director

Ronald Seah Lim Siang
Lead Independent Director

Ng Shin Ein
Independent Director

Ng Jui Ping
Independent Director

Hee Theng Fong
Independent Director

AUDIT COMMITTEE

Ronald Seah Lim Siang, *Chairman*
Ng Shin Ein
Ng Jui Ping

NOMINATING COMMITTEE

Hee Theng Fong, *Chairman*
Ronald Seah Lim Siang
Zhong Sheng Jian

REMUNERATION COMMITTEE

Ng Jui Ping, *Chairman*
Ronald Seah Lim Siang
Ng Shin Ein

RISK MANAGEMENT COMMITTEE

Ng Shin Ein, *Chairperson*
Hee Theng Fong
Ng Jui Ping
Zhong Sheng Jian

COMPANY SECRETARY

Lim Poh Choo

GROUP FINANCIAL CONTROLLER

Jim Chan Chi Wai

REGISTERED OFFICE

9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989
Tel: (65) 6336 2922
Fax: (65) 6238 6256
Registration No.: 200601911K

WEBSITE

http://www.yanlordland.com

AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge:
Tay Hwee Ling
(Appointed on October 14, 2013)

SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
(Appointed on March 7, 2006)

PRINCIPAL BANKERS

China Merchants Bank
Bank of Shanghai Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank Limited
Standard Chartered Bank Limited
Bank of China Co., Ltd.
Wing Lung Bank Limited
Shanghai Pudong Development Bank Co., Ltd.

STOCK EXCHANGE LISTING

Singapore Exchange Securities Trading Limited

DATE AND COUNTRY OF INCORPORATION

February 13, 2006, Singapore

仁 恒
YANLORD

Yanlord Land Group Limited
仁恒置地集团有限公司

Registration No. 200601911K

9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989
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